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TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1915.

No. 107.

FRANK G. FARNHAM, APPELLANT,

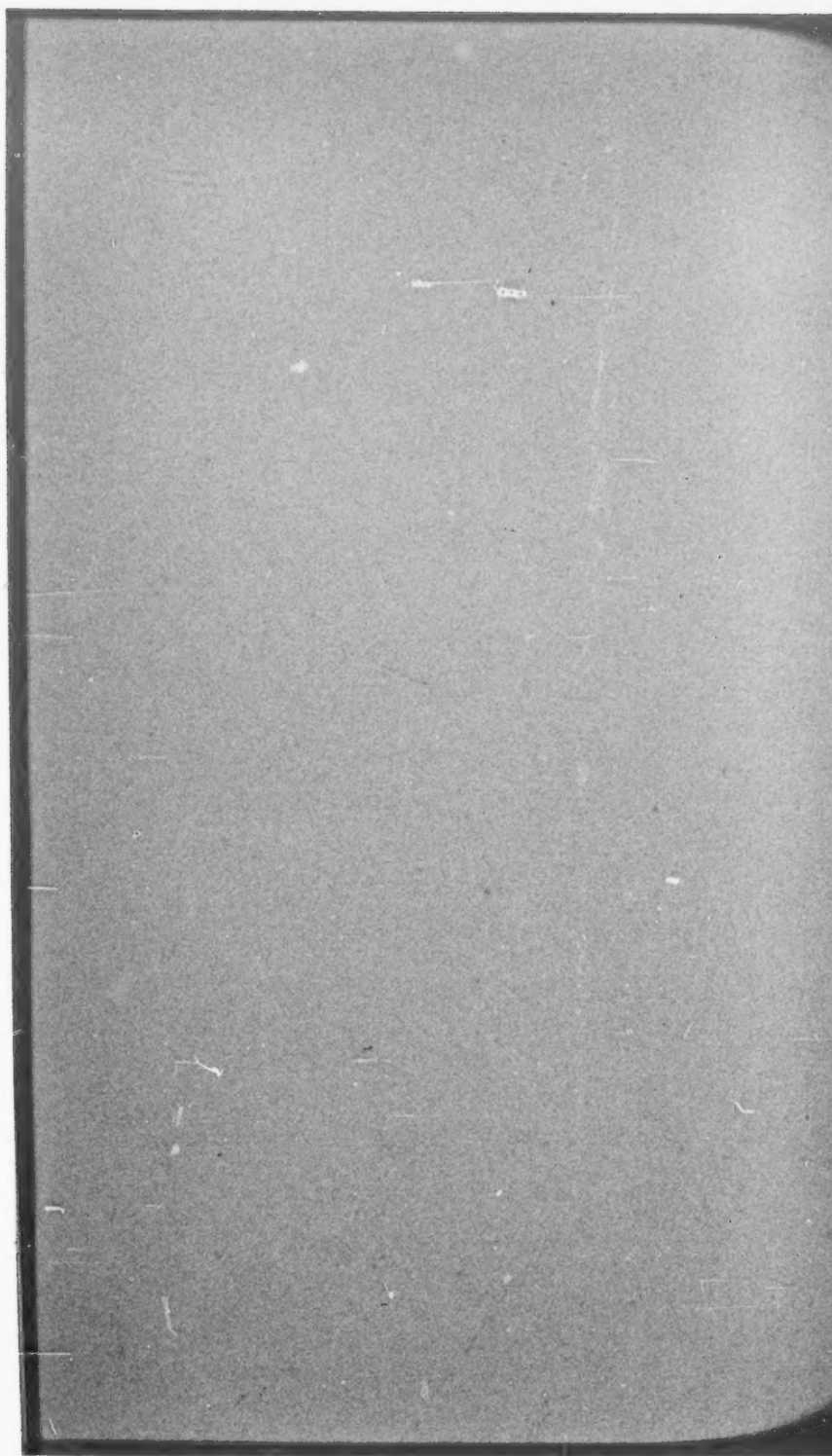
vs.

THE UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

FILED MARCH 30, 1914.

(24,120)



(24,120)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1915.

No. 107.

FRANK G. FARNHAM, APPELLANT,

vs.

THE UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

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1 I. *Petition and Exhibits. Filed April 13, 1906.*

In the Court of Claims.

28964.

FRANK GUNN FARNHAM, Petitioner,

vs.

THE UNITED STATES OF AMERICA, Defendant.

To the Honorable the Chief Justice and Associate Justices of the Court of Claims:

The petition of Frank Gunn Farnham respectfully represents:

First.

That he is a citizen of the United States, and a resident of Honesdale, Wayne County, State of Pennsylvania, where he has resided for many years past.

Second.

2 That during the year A. D. 1896, he invented the construction, design, and plan of a sheet of postage stamps to be used in the manufacture of postage stamp books, as well as the arrangement, combination and construction of such books by the use of said sheet of stamps, and heretofore, to-wit:

On the 4th day of January, A. D. 1898, a patent was issued to him by the United States Patent Office covering his said inventions, which said patent is No. 596,656, a copy of which is herewith filed, and asked to be considered a part of this petition; that he paid to the United States all of the fees and charges of the Patent Office connected therewith.

That his invention, which the United States Government has adopted, and is using in the printing of postage stamp books, is a specially prepared sheet of postage stamps, and also the construction and use thereof in book form which is specifically described as follows, to-wit:

Third.

A stamp-sheet having one series of narrow unprinted spaces in the body thereof (for cutting purposes); a second series of spaces wider than the first along which said sheet is adapted to be stitched; a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described.

Third—A.

3 A stamp-sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described.

Fourth.

The method of producing stamp books which consists in assembling a specially prepared stamp-sheet, invented by your petitioner, having unprinted spaces in the body thereof, a backing cover for the stamp-sheet; an interposed non-adhesive or paraffine sheet, securing the sheets together along the unprinted spaces of the stamp-sheet; and cutting the whole into sections, each of which comprises a portion of the stamp-sheet, a portion of the backing cover, and a portion of the interposed sheet, such portions being left secured together, and forming a stamp book.

Fifth.

That thereafter, and after there had been issued to him by the United States a patent for his said invention as hereinbefore set forth, he made an effort to induce the Post Office Department to adopt his said invention, and by the use thereof to manufacture postage stamp books for sale throughout the United States, and to that end wrote letters to the Post Office Department making such request, and on the 14th day of July he wrote a letter addressed to John A. Merritt, Third Assistant Postmaster General, a copy of which is hereto attached, and marked Petitioner's Exhibit No. 4,

4 and asked to be considered a part of this petition, and thereafter on the 16th day of July, 1898, he received a letter from Madison Davis, Acting Third Assistant Postmaster General, a copy of which is hereto attached, and marked Petitioner's Exhibit No. 5, and asked to be considered a part hereof, and by the terms of said letter the petitioner was advised that his claim and invention were well understood, that his explanations of it could not be clearer, but, as stated in a former letter, the department did not wish to adopt it at that time as postage stamp books were deemed by the department as unnecessary, undesirable, and impracticable, as shown by the report of the Postmaster General.

Your petitioner further respectfully submits, that the Post Office Department and the Government of the United States thereafter changed their views in relation to said invention, and on or about the 16th day of April, A. D. 1900, adopted the invention of the complainant hereinbefore referred to and described, and commenced printing, or caused to be printed, sheets of postage stamps in the manner and form described in the patent of the complainant, and to manufacture, or caused to be manufactured, into book form the sheet of postage stamps invented by your petitioner as aforesaid, and used the same in the construction of postage stamp books as invented by the petitioner, and described in his patent as aforesaid, and thereafter the Postmaster General in his report to Congress declares that "The demands for postage stamps in book form has been satisfactory, and has abundantly justified their issue."

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Sixth.

That the Government of the United States after adopting his said invention, on the 16th day of April, A. D. 1900, has used it contin-

uously down to the present time, yet the said United States has not in any way compensated him for the use thereof, although liable therefor, having adopted said invention with the full knowledge of your petitioner's right to compensation for the use thereof and the liability and duty of the United States to compensate him for the use thereof under an implied contract.

That he is the owner, proprietor, and holder of said patent, and that he has not assigned, or transferred any part thereof, or interest therein.

Seventh.

That the Government of the United States up to the 30th day of June, A. D. 1905, has issued and sold Forty-seven Million, Six Hundred Thousand, Five Hundred and Ninety-seven stamp books which were manufactured from the stamp sheets, cover backs, and interposed sheets as invented, described, and patented by your petitioner, and the fair royalty thereon aggregates the sum of Three Hundred and Fifteen Thousand, Six Hundred and Forty-seven dollars, and Sixty-one cents (\$315,647.61), which is equal to the net profits of the United States on the sale of the plaintiff's said invented article above the cost of the manufacture thereof.

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Eighth.

The plaintiff therefore claims judgment against the United States for the sum of Three Hundred and Fifteen Thousand, Six Hundred and Forty-seven dollars and Sixty-one cents (\$315,647.61), which said amount is justly due your petitioner above all set-offs, or just grounds of defense, and your said petitioner is justly entitled to the amount claimed from the United States after allowing all just credits, and set-offs. That the petitioner is a resident of the United States, has at all times borne true allegiance to the Government of the United States, and has not in any way voluntarily aided, abetted, or given encouragement to rebellion against said Government, and the petitioner's rights are based upon Section No. 4884 of the Revised Statutes of the United States, and he believes the facts as stated in said petition to be true.

H. B. MOULTON,
Petitioner's Attorney.

P. M. SMITH,
EARL SHERWOOD,
Of Counsel.

DISTRICT OF COLUMBIA, ss:

Personally appeared Hosea B. Moulton, who, being sworn in due form of law, deposes and says, that he is the attorney of the petitioner in the above-entitled cause, and files herewith a power of attorney authorizing him to make oath to this petition, and that the allegation in the foregoing petition stated of his

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own knowledge are true, and those stated on information and belief he believes to be true.

HOSEA B. MOULTON.

Subscribed and sworn to before me this 13th day of April, A. D. 1906.

EMORY H. BOGLEY,
Notary Public.

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PETITIONER'S EXHIBIT No. 1.

United States Patent Office.

FRANK GUNN FARNHAM, of Honesdale, Pennsylvania.

Stamp-holder.

Specification Forming Part of Letters Patent No. 596,656, Dated January 4, 1898.

Application Filed March 17, 1896. Reviewed September 14, 1897.
Serial No. 651,677. (No Model.)

To all whom it may concern:

Be it known that I, Frank Gunn Farnham, a citizen of the United States of America, residing at Honesdale, in the county of Wayne and State of Pennsylvania, have invented certain new and useful Improvements in Stamp-Holders, of which the following is a specification.

My invention relates to stamp-sheets and books for containing stamps, whereby they are securely held for transportation and handling without sticking together or to other surfaces.

The object of my invention is to provide a cheap form of cover in which the stamps may be readily and cheaply secured to form a book which may be subsequently divided into a number of smaller books of varying sizes, according to the number and value of the stamps desired by the purchaser.

The invention is illustrated in the accompanying drawings, in which—

Figure 1 represents a view of the outside of the cover before folding or cutting. Fig. 2 is a view of the opposite side with a sheet of stamps secured thereto. Figs. 3, 4, 5, and 6 are views inside and out of one of the small books formed by dividing the main holder.

A sheet of stamps as now printed has a margin all around the outside. The sheet of stamps shown and which is one of the forms I desire to use for making small books of the value of twenty-five cents, fifty cents, and one dollar has also a margin all around the outside and is sixteen stamps wide and twenty-four stamps long, making a sheet of three hundred and eighty-four stamps; but it may be printed any convenient width or length and of any desired denomination.

Next the side margins there are two rows of stamps *b b*, separated by the ordinary rows of perforations *c c*, and next to the second row occurs an unprinted and imperforate space *d*, running lengthwise of the sheet and about five-sixteenths of an inch wide. Next to this there are four rows of stamps *c c c c*, separated by the ordinary rows of perforations, which reach to another unprinted space *d'*. Then follow two more rows of stamps, which reach to an unprinted space *h* in the middle of the sheet, which is about one and one-half inches wide, the purpose of which will be hereinafter explained.

9 The cover *F*, in which the stamps are to be held, is preferably of a prepared paper to which stamps will not adhere and which when spread out flat is the full size of the sheet of stamps before the margins have been removed from the latter. If the cover be not of prepared paper, a sheet of paraffin-paper of the same diameter as the sheet of stamps is used, which is interposed between the same and the cover. The back of the cover is printed to indicate the lines on which it is to be divided to form the smaller books, also the number, kind, and value of the stamps contained in each small book.

The cover is scored or indented longitudinally at proper intervals to facilitate binding into book form. Flaps *P'* are provided at the sides corresponding to the side margins on the sheet of stamps and also on the cover of the inside books corresponding to the unprinted space *h* in the middle of the sheet of stamps, so that when the book is subdivided the flaps fold over and cover the edges of the book, as shown in Figs. 3 and 4. The flaps on the outside and on the inside of the cover *F* may be dispensed with, if desired, in which case the wide space *h* in the middle of the sheet of stamps and the flap *P'* need not be provided. I prefer, however, to use the flaps.

In making the book the end margin of the stamp-sheet and the corresponding parts of the cover-blank and paraffin-paper are first perforated simultaneously or separately, as shown at 1, any number of these perforations being employed. The stamp-sheet is then laid upon the cover, with the paraffin-paper interposed, and the package thus formed placed upon a suitable carrier provided with pins which pass through the perforations and hold all of the sheets in alinement. The package is then fed beneath a suitable sewing or stapling machine and the fastenings, as at *c'*, applied. The large book thus formed is now subdivided into smaller books on the lines indicated. These are then trimmed and all superfluous parts removed and folded along the line *d* in the center of the imperforate space, when they are ready for distribution among the post-offices throughout the country. For example, a sheet of three hundred and eighty-four two-cent stamps when divided will make thirty-two small books of the length of three stamps and a width of four stamps before folding or cutting, containing one sheet of twelve two-cent stamps of the value of twenty-four cents and will cost the purchaser a small advance over this sum. A larger book would contain two sheets of the same size as above, with a thin sheet of prepared paper between, and a still larger book four sheets, with two sheets of prepared paper between, on which the purchaser would pay a proper advance.

If the cover F is not of a previously-prepared paper, then the assembling would begin with a sheet of prepared paper laid first upon the inside of the cover or its equivalent, and a sheet of stamps is laid with the gummed face down on the inside of cover-blank. The spaces *d* and *d'* offer a strong surface by which the stamps may be bound to the cover and act also as hinges for folding and holding the two halves of each sheet together, so that should all the stamps on one side of a single leaf in a book be removed those on the opposite side would still remain in the book. I do not confine myself to this size of sheet, as it will be seen that the unprinted spaces on the cover and the corresponding ones on the sheet of stamps and the number and denomination of the stamps may be varied.

10 The small books may be made up of one-cent stamps or two-cent stamps, or of ones and twos in combination, to secure a certain value and of a size adapted for the vest-pocket or purse and for convenience in remitting small amounts by mail. The cheapness of the cover admits of them being thrown away after the stamps have been used.

For use in large business and banking institutions I prefer to use a book of the value of five and ten dollars, made up of sheets of the value of one dollar each or five two-cent stamps long and ten wide before folding.

In order to keep the books closed, I may use an elastic band 2, held to the back by a strip 3.

Instead of the flap P' and the rubber-band fastening above described I may employ the construction shown in Fig. 6, in which the flap P'' is made of reduced size and is provided with an extending tongue which is fitted to a slit made in the folded part of the cover.

Having described my invention, what I claim is—

1. A stamp-sheet having one series of narrow unprinted spaces in the body thereof, a second series of spaces wider than the first along which said sheet is adapted to be stitched, a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described.

2. A stamp-sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described.

3. A stamp-sheet having unprinted spaces in the body thereof to provide for the folding of the sheet on said lines and wider spaces centrally of the sheet combined with a backing sheet adapted to be divided with the stamps into a series of covers, the wider spaces providing for the formation of flaps on the cover, substantially as described.

4. A stamp-book comprising the cover-blank, the perforated stamp-sheet, the interposed sheet, and the corresponding detachable margins formed on the cover-blank, stamp-sheet and interposed sheets, said margins each being provided with corresponding alining openings, substantially as described.

In testimony whereof I affix my signature in presence of two witnesses.

FRANK GUNN FARNHAM.

Witnesses:

R. C. FARNHAM.
ROBT. A. SMITH.

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PETITIONER'S EXHIBIT No. 4.

F. G. Farnham Brush Co.

HONESDALE, PA., July 14, 1898.

Mr. John A. Merritt, Third Assistant Postmaster-General, Washington, D. C.

DEAR SIR: I beg to acknowledge receipt of your letter of June 7th, F. 411 Vol. 53 in which you state that "it is not expedient to sell stamps in this way." Not knowing to what the Department applies the word "expedient" it does not become me to question its application. That "the same proposition has been made by other persons many times" has really no bearing on this case. I am not informed as to what Senator Penrose submitted to you. The pamphlet sent to him was not intended to fully cover the case, nor does it show photographs of my stamp sheet, the cover or back, nor the special sewing and folding machines. As an inventor of 20 years' experience and having devoted the best part of four years to the investigation of this subject, and the perfecting of this invention, and the parts of which bear on each other to secure a perfect result, should by this time have some knowledge as to what has been tried (and failures) and what is needed, therefore no proposition or recommendation heretofore made can have any bearing on this invention.

The two books submitted and returned fail to fully show the invention for the reason that I was debarred from making a stamp sheet in conformity to my invention. The cost of these books will not exceed 1/10 of a cent each and will net the Department 3% on sales. I have tried to be concise, but fear I have failed, there is too much to it.

I should be glad to submit more data and earnestly request a personal interview at some future date. Will you grant it?

Very truly, yours,

(Signed)

FRANK G. FARNHAM.

Compared copy.

PETITIONER'S EXHIBIT No. 5.

POST OFFICE DEPARTMENT,

THIRD ASSISTANT POSTMASTER-GENERAL,

WASHINGTON, July 16, 1898.

Mr. Frank G. Farnham, Honesdale, Pa.

SIR: Your letter of the 14th inst. has been received. In reply I beg leave to say that your plan for booking and selling stamps is

well understood; your explanation of it could not be clearer. But, as stated in a former letter to you, the Department does not wish to adopt it.

Very truly, yours,
(Signed)

MADISON DAVIS,
Acting Third Assistant Postmaster General.

Compared copy.

12 *Exhibit No. 6. Filed April 22, 1909.*

PETITIONER'S EXHIBIT No. 6.

POST-OFFICE DEPARTMENT,
OFFICE OF THE THIRD ASSISTANT POSTMASTER-GENERAL,
WASHINGTON, D. C., June 17, 1899.

Mr. Homer Greene, Honesdale, Pa.

SIR: Your letter of the 14th inst., addressed to the Postmaster-General, relative to the patent stamp book of Mr. F. G. Farnham, of your city, has been referred to this office.

On the 17th of June, 1898, Mr. Farnham was informed that the Department deems it inexpedient to sell postage stamps in the way proposed by him. This decision is still adhered to.

The book of stamps you submit is herewith returned.

Respectfully, yours,
(Signed)

MADISON DAVIS,
Acting Third Assistant Postmaster General.

13 II. *Traverse. Filed February 9, 1907.*

In the Court of Claims of the United States, December Term, A. D. 1913.

No. 28964 & 30931 Consolidated.

FRANK G. FARNHAM

VS.

THE UNITED STATES.

And now comes the Attorney General, on behalf of the United States, and answering the petition of the claimant herein, denies each and every allegation therein contained; and asks judgment that the petition be dismissed.

HUSTON THOMPSON,
Assistant Attorney General.

14 III. *Defendants' Special Plea. Filed February 9, 1907.*

Now come the defendants, by their Attorney General, and further and more specifically answering the claimant's petition in this

cause—but in no wise waiving the general traverse heretofore entered in the case in behalf of the defendants—deny the validity of such part or parts of the claimant's said patent as are alleged to have been infringed by the defendants, upon the ground of lack of patentability in any art, process, manufacture, design or other device covered thereby.

J. A. VAN ORSDEL,
Assistant Attorney General.

CHAS. F. KINCHELOE,
Special Attorney in Charge of Case.

15 IV. *Petition in No. 30931, with Exhibits. Filed June 9, 1911.*

In the Court of Claims.

No. 30931.

FRANK GUNN FARNHAM, Petitioner,
vs.
THE UNITED STATES OF AMERICA, Defendant.

To the Honorable the Chief Justice and Associate Justices of the Court of Claims:

The petition of Frank Gunn Farnham respectfully represents:

First.

That he is a citizen of the United States, and a resident of Honesdale, Wayne County, State of Pennsylvania, where he has resided for many years past.

Second.

That during the year A. D. 1894, he invented the construction, design and plan, of a sheet of postage stamps to be used in the manufacture of postage stamp books as well as the arrangement, combination and construction of such books by the use of said sheet of stamps, backing covers and interposed leaves, and heretofore, to wit:

16 On the 4th day of January, A. D. 1898, a patent was issued to him by the United States Patent Office, covering his said inventions, which said patent is numbered 596,656, a copy of which is filed in the case of Frank Gunn Farnham vs. The United States, and numbered 28,964 Court of Claims, and asked to be a part of this petition; that he paid to the United States all of the fees and charges of the Patent Office connected therewith.

That his said invention, which the United States Government has adopted, and is using in the printing of postage stamp books, is a specially prepared sheet of postage stamps, backing cover and inter-

posed leaves, and also the construction and use thereof in book form, which is specially described as follows, to wit:

Third.

A stamp sheet having one series of narrow unprinted spaces in the body thereof, (for cutting purposes); a second series of spaces wider than the first along which said sheet is adapted to be stitched; a third series of spaces wider than the first and second series extending around the edges, and centrally of said sheet, substantially as described.

Third — A.

A stamp sheet having unprinted spaces at intervals in the body thereof, and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described.

Fourth.

17 The method of producing stamp books which consists in assembling a specially prepared stamp sheet, invented by your petitioner, having unprinted spaces in the body thereof, a backing cover for the stamp sheet, an interposed, non-adhesive or parafine sheet, securing the sheets together along the unprinted spaces of the stamp sheet, and cutting the whole into sections, each of which comprises a portion of the stamp sheet, a portion of the backing cover, and a portion of the interposed sheet, such portion being secured together, and forming a stamp book.

Fifth.

That thereafter, and after there had been issued to him by the United States a patent for his said invention, as heretofore set forth, he made an effort to induce the Post Office Department to adopt his said invention, and by the use thereof to manufacture postage stamp books for sale throughout the United States, and to that end wrote letters to the Post Office Department making such request, and on the 14th day of July, 1898, he wrote a letter addressed to John A. Merritt, Third Assistant Postmaster General, a copy of which said letter is filed in the case of Frank Gunn Farnham vs. The United States, No. 28,964, and marked Petitioner's Exhibit No. 4, and thereafter, on the 16th day of July, 1898, he received a letter from Madison Davis, Acting Third Assistant Postmaster-General, a copy of which is filed in the case of Frank Gunn Farnham vs. The United States, No. 28,964, and marked Petitioner's Exhibit No. 5, and by the terms of said letter the petitioner was advised that "your plan for booking and selling stamps" was well understood; that petitioner's explanation of it could not be clearer, but, as stated in a former letter, the Department did not wish to
18 adopt it at that time, as postage stamp books were deemed by the Department as unnecessary, undesirable and impracticable.

Your petitioner further respectfully submits that the Post Office Department of the Government of the United States thereafter changed its views in relation to said invention, and on or about the 26th day of March, A. D. 1900, adopted the invention of the complainant heretofore referred to and described, and commenced printing, or caused to be printed, sheets of postage stamps and backing covers in the manner and form described in the complainant's patent, and to manufacture, or cause to be manufactured into book form the sheets of postage stamps, backing covers and interposed leaves, invented by the petitioner as aforesaid, and used, and still uses the same in the construction of postage stamp books as invented by the petitioner, and described in his patent aforesaid. And thereafter, the Postmaster General, in his report to Congress declares that: "The demand of postage stamps in book form has been satisfactory, and has abundantly justified their issue."

Sixth.

That the Government of the United States commenced manufacturing said stamp books on the 26th day of March, A. D. 1900, and on the 16th day of April, A. D. 1900, began their sale, and has sold the same continuously down to the present time; yet the said Government of the United States has not in any way compensated the petitioner for the use of his said invention, although liable therefor, having adopted said invention with the full knowledge of your petitioner's right to compensation for the use thereof, and the liability of, and the duty of the United States Government to compensate him for the same, by virtue of an implied contract. That he is the owner, proprietor and holder of said patent, and that he has not assigned or transferred any part thereof or interest therein.

Seventh.

That the Government of the United States, between the 30th day of June, 1905, and the 30th day of June, 1910, issued and sold ninety-five million, thirty-three thousand and two hundred and ten (95,033,210) stamp books which were manufactured from stamp sheets, cover backs and interposed sheets, as invented, described and patented by your petitioner, and the fair and just royalty thereon aggregates the sum of six hundred and eighty-four thousand, seven hundred and sixty-nine dollars and ninety-five cents (\$684,769.95), which is equal to the net profit of the United States Government on the sale of stamp books from June 30th, 1905, up to June 30th, 1910, as invented by your petitioner and described in his letters patent No. 596,656.

Eighth.

The petitioner therefore claims judgment against the United States for the sum of six hundred and eighty-four thousand, seven hundred and sixty-nine dollars and ninety-five cents (\$684,769.95), which said amount is justly due your petitioner by the United States

Government, above all set-offs, or just grounds of defense, and your petitioner is justly entitled to the amount claimed from the United States Government, after allowing all just credits and set-offs.

That the petitioner is a resident of the United States and has at all times borne true allegiance to the Government of the United States, and has not in any way voluntarily aided, abetted or given encouragement to rebellion against said Government, and the petitioner's rights are based upon Sec. No. 4,884 of the Revised Statutes of the United States, and he believes the facts as stated to be true.

EARL SHERWOOD,
Attorney in Fact.

F. P. B. SANDS,
JOHN M. THURSTON,
Of Counsel.

STATE OF PENNSYLVANIA,
County of Wayne, ss:

Personally appeared Earl Sherwood, who being sworn in due form of law, deposes and says that he is the Attorney in fact in the above entitled cause, and files herewith a power of attorney authorizing him to make oath to this petition, and that the allegations in the foregoing petition stated of his own knowledge are true, and those stated upon information and belief, he believes to be true.

EARL SHERWOOD.

Subscribed and Sworn to before me this 8th day of June, A. D. 1911.

[SEAL.]

M. J. HANLAN,
Prothonotary.

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PETITIONER'S EXHIBIT No. 4.

F. G. Farnham Brush Co.,

HONESDALE, PA., July 14, 1898.

Mr. John A. Merritt, Third Assistant Postmaster-General, Washington, D. C.

DEAR SIR: I beg to acknowledge receipt of your letter of June 17th, F. 411 Vol. 53 in which you state that "it is not expedient to sell stamps in this way." Not knowing to what the Department applies the word "expedient" it does not become me to question its application. That "the same proposition has been made by other persons many times" has really no bearing on this case. I am not informed as to what Senator Penrose submitted to you. The pamphlet sent to him was not intended to fully cover the case, nor does it show photographs of my stamp sheet, the cover or back, nor the special sewing and folding machines. As an inventor of 20 years' experience and having devoted the best part of four years to

the investigation of this subject, and the perfection of this invention, and the parts of which bear on each other to secure a perfect result, I should by this time have some knowledge as to what has been tried (and failures) and what is needed, therefore no proposition or recommendation heretofore made can have any bearing on this invention.

The two books submitted and returned fail to fully show the invention for the reason that I was debarred from making a stamp sheet in conformity to my invention. The cost of these books will not exceed 1/10 of a cent each and will net the Department 3% on sales. I have tried to be concise, but fear I have failed, there is too much to it.

22 I should be glad to submit more data and earnestly request a personal interview at some future date. Will you grant it?

Very truly yours,

(Signed)

FRANK G. FARNHAM.

Compared copy.

PETITIONER'S EXHIBIT No. 5.

POST-OFFICE DEPARTMENT,

THIRD ASSISTANT POSTMASTER-GENERAL.

WASHINGTON, July 16, 1898.

Mr. Frank G. Farnham, Honesdale, Pa.

SIR: Your letter of the 14th inst. has been received. In reply I beg leave to say that your plan for booking and selling stamps is well understood; your explanation of it could not be clearer. But, as stated in a former letter to you, the Department does not wish to adopt it.

Respectfully yours,

(Signed)

MADISON DAVIS,

Acting Third Assistant Postmaster-General.

Compared copy.

23 V. *Motion to Consolidate and Allowance of Same.*

No. 30931.

FRANK GUNN FARNHAM

vs.

THE UNITED STATES.

Now comes the petitioner by his Attorney in fact and moves the Court to consolidate this suit with the suit of Frank Gunn Farnham vs. The United States, No. 28964, for the reason that the two suits are identical and involve the same issues.

EARL SHERWOOD,

Attorney in Fact.

Filed June 9, 1911.

Allowed by the Court Nov. 27, 1911.

STANTON J. PEELLE,
Chief Justice.

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VI. *History of Proceedings.*

The cases were argued on December 5, 6, 7, 1911 and submitted. On February 12, 1912 the Court filed findings of fact and conclusion of law, dismissing the petition, with an Opinion by Atkinson, J.

On March 29, 1912 the claimant filed a motion for a new trial.

On February 19, 1913 the defendants filed a motion to amend the findings of fact.

25

VII. *Argument and Submission of the Foregoing Motions.*

On October 27, 1913 the motion of the claimant for a new trial, and the motion of the defendants to amend findings of fact came on to be heard. Mr. F. P. B. Sands was heard in support of the claimant's motion. On October 28, Mr. Sands was heard further; Mr. Walter H. Pumphrey was heard in oppositon to said motion and also in support of the defendants' motion to amend the findings; Mr. Hosea B. Moulton was heard in reply and the motions were submitted.

26

VIII. *Action of Court on said Motions.*

On December 1, 1913 the Court announced the following:

Claimant's motion for a new trial overruled; claimant's motion and defendant's motion to amend findings allowed in part and overruled in part. Former findings and opinion withdrawn and amended findings and opinion this day filed. Petition dismissed. Opinion by Atkinson, J.

27

IX. *Findings of Fact as Amended, Conclusion of Law, and Opinion of the Court. Filed December 1, 1913.*

The case having been heard by the Court of Claims, the court, upon the evidence, makes the following

Findings of Fact.

I.

On March 17, 1896, the claimant in this case, Frank G. Farnham, a citizen of the United States, filed an application in the United States Patent Office for letters patent for improvements in stamp holders, upon which application there were granted and issued to him Letters Patent No. 596656, dated January 4, 1898, which letters patent are made a part of the petition herein.

The claims in the specification accompanying the claimant's application for patent were as follows:

"1. A stamp sheet having unprinted spaces at intervals in the body thereof, substantially as described.

"2. A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described.

"3. A stamp sheet having unprinted spaces in the body thereof to provide for the folding of the sheet on said lines and wider spaces centrally of the sheet combined with a backing sheet adapted to be divided with the stamps into a series of covers, the wider spaces providing for the formation of flaps on the cover, substantially as described.

"4. A stamp book comprising a cover and a series of connected stamps having a central imperforate space with fastening means extending along this space securing the stamps to the cover, substantially as described.

"5. A stamp book comprising the cover blank, the stamp sheet and the interposed sheet, the detachable end margin formed on the stamp sheet, and the corresponding extensions of the cover blanks and interposed sheets, said margins and corresponding parts being correspondingly perforated, substantially as described."

28 Upon the claimant's application the following proceedings were had in the Patent Office:

On April 10, 1896, the examiner in charge of the application entered the following action:

"It is noted that the modification in figure 6 should have the flap lettered P".

"The oath is found to be a year older than the date of filing, and a new oath is required according to the last paragraph of rule 46.

"Claims 1 and 5 are rejected on the patent to Cooke, No. 306,674, October 14, 1884 (Bookbinding: Leaves).

"Claim 4 is rejected on Cooke, in view of Worthington, No. 373,791, November 22, 1887 (Bookbinding: Books and binding), and Swiss patent No. 2907, of 1890, to Guillaume (Bookbinding: Books and covers). It is thought immaterial whether stamps or other printed matter are bound, as margins are required for binding in either case."

In response to the above action of the examiner the claimant on April 22, 1896, amended as follows:

"Page 4, line 3 from the bottom, P' to P".

"The drawing has been corrected to conform to this change.

"A new oath will be filed before final action.

"Claim 1, line 1, before 'unprinted,' insert a plurality of imperforate.

"Cancel claims 4 and 5 and insert:

"4. A stamp book comprising the cover blank, the perforated stamp sheet, the interposed sheet, and the corresponding detachable margins formed on the cover blank, stamp sheet and interposed sheets, said margins each being provided with corresponding aligning openings, substantially as described."

On this amendment the examiner, on May 21, 1896, entered the following action:

"The requirement for a new oath is repeated.

"Claim 1 is rejected as relating to nothing of patentable novelty, since it is within the personal recollection of two employees of the office that the old unperforated sheet of postage stamps had such unprinted spaces. The patent to Cooke shows such spaces as at present perforated."

On May 25, 1896, the claimant amended as follows:

"Cancel claim 1 and insert:

"1. A stamp sheet having perforated spaces between the rows of stamps and divisional spaces of greater width and imperforate, substantially as described."

On June 23, 1896, the examiner replied to the above amendment as follows:

"The claim is thought not true in 'divisional spaces of greater width and imperforate.' These spaces have two rows of perforations where the others have but one.

"The claim is rejected."

On June 29, 1896, the claimant amended as follows:

"Cancel claim 1 and insert:

"1. A stamp sheet having unprinted spaces of varying widths in the body thereof, substantially as described."

On July 14, 1896, the examiner replied to this amendment as follows:

29 "Case examined as amended the 29th ult. Claim 1 is thought to relate to nothing of patentable novelty, being a mere matter of design, and is rejected."

On July 18, 1896, the claimant amended as follows:

"1. A stamp sheet having one series of narrow unprinted spaces in the body thereof, and along which said sheet is adapted to be stitched and folded, and another series of wider unprinted spaces adapted to be cut off, substantially as described."

On August 4, 1896, the examiner replied to this amendment as follows:

"Claim 1 is thought to relate to nothing of patentable novelty, differing from the ordinary structure of stamp sheets with their black margins only in a matter of degree. Applicant's claim can only be read when including the blank margins of the ordinary stamp sheet.

"Only a claim to the specific construction can be allowed.

"Claim 1 is rejected.

"The remaining claims are allowed."

On August 11, 1896, the claimant amended as follows:

"Cancel claim 1 and insert:

"1. A stamp sheet having one series of narrow unprinted spaces in the body thereof, a second series of spaces wider than the first, along which said sheet is adapted to be stitched, a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described."

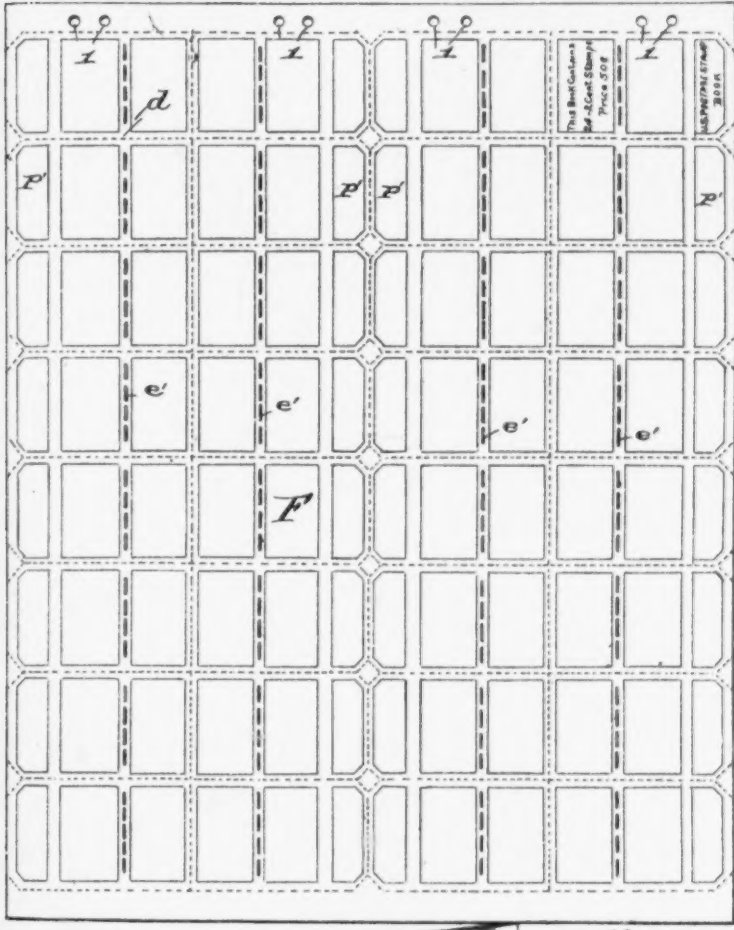
This amendment was allowed by the examiner, and on August 19, 1896, the claimant was notified that his application for patent had been allowed.

(No Model.)

F. G. FARNHAM.
STAMP HOLDER.

No. 596,656.

Patented Jan. 4, 1898.



Attest Fig. 6.
F. L. Mordison
C. S. Mordison

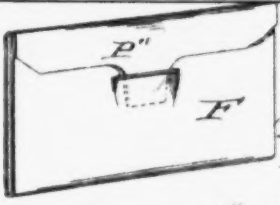


Fig. 1.

Inventor

Frank G. Farnham
by S. S. Spear
May

107
Farnham }
v. } P. 31
U. S.

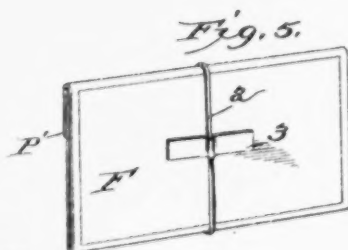
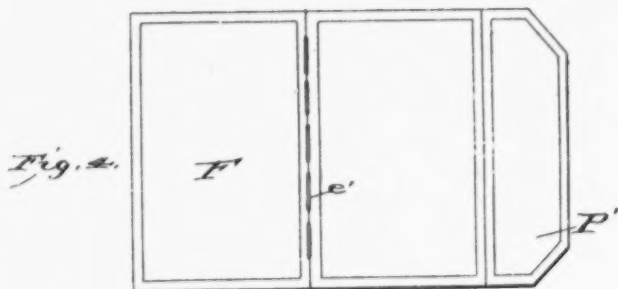
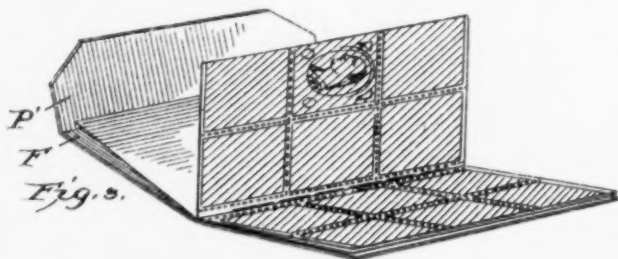
(No Model.)

3 Sheets—Sheet 3

F. G. FARNHAM.
STAMP HOLDER.

No. 596,656.

Patented Jan. 4, 1898.



Attest
J. L. Mordant
C. S. Madden

Inventor
Frank G. Farnham
By S. M. Spru
J. H. 104

#107
Farnham
U.S. } #32

Franklin } \$33.
 U.S.

7

WESTERN UNION'S STAMP SHEET.

(Defendant's Exhibit E. A. No. 1.)

a

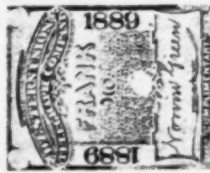
a



AMERICAN BANK NOTE COMPANY, NEW YORK

This is only one-half of a Western Union sheet.

a



AMERICAN BANK NOTE COMPANY, NEW YORK
AMERICAN BANK NOTE COMPANY, NEW YORK
AMERICAN BANK NOTE COMPANY, NEW YORK

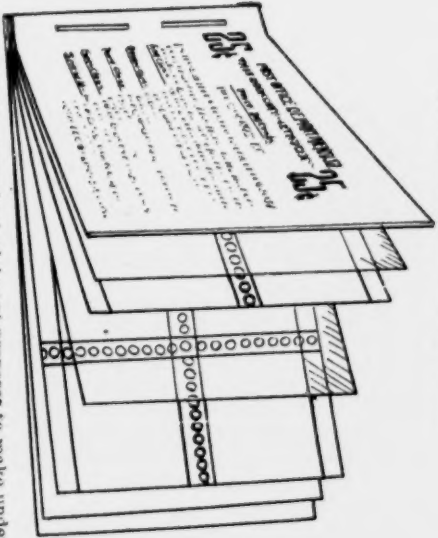
AMERICAN BANK NOTE COMPANY NEW YORK

AMERICAN BAKING POWDER COMPANY NEW YORK

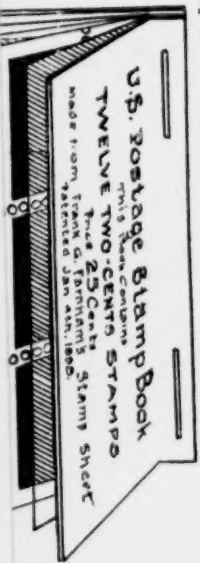
2

GOVERNMENT'S STAMP BOOK.

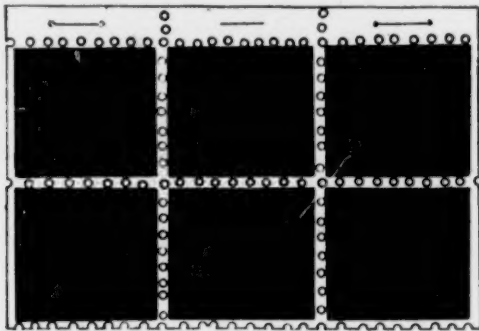
#107
Dawson
U.S. } of 34



Below is the kind of a stamp book claimant proposes to make under his patent, as shown by his Exhibit No. 21.



Below is a sheet taken from claimant's stamp book filed as an exhibit :



The following is a Western Union unpatented stamp book, without the cover thereon, filed as defendant's Exhibit C, A. Woodward, No. 4, which was manufactured by the American Bank Note Co., formerly the International Bank Note Co., as early as 1883 for said telegraph company :

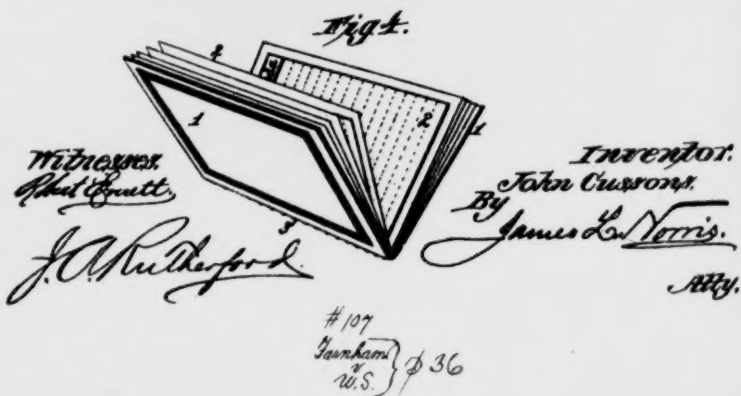
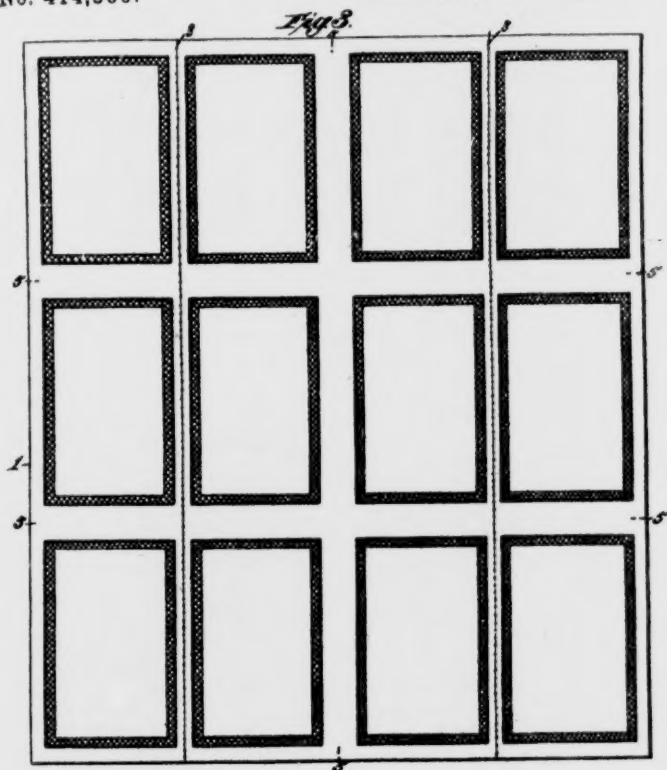


#107
Graham
U.S. } \$35.

J. CUSSONS.
METHOD OF MAKING MEMORANDUM BOOKS.

No. 414,500.

Patented Nov. 5, 1889.



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DEFENDANTS' EXHIBIT, FITCH, NO. 1.

107
Hankam
U.S. } p. 29.

葬

CLAIMANT'S EXHIBITED STAMP SHEET.

#107
Kankam
W.S. } P. 39.



The claimant having failed to pay the final fee required for the issue of a patent within six months after the date of allowance, he, on September 11, 1897, filed a renewal application for said patent, which application, upon examination, was allowed on October 16, 1897; and upon payment of the final fee the patent was issued January 4, 1898.

II.

The prior state of the art at the time the patent herein was granted appears from the following prior letters patent and Government publications:

United States patent to Snow, No. 27,166, February 4, 1860.
 United States patent to Keep, No. 155,312, September 22, 1874.
 United States patent to Beaumont, No. 192,893, July 10, 1877.
 United States patent to Cussons, No. 237,825, February 15, 1881.
 United States patent to Cussons, No. 240,099, April 12, 1881.
 United States patent to Carter, No. 300,569, June 17, 1884.
 United States patent to Cooke, No. 306,674, October 14, 1884.
 United States patent to Worthington, No. 373,791, November 22, 1887.

United States patent to Clark, No. 375,125, December 20, 1887.
 United States patent to Mendham, No. 392,048, October 30, 1888.
 United States patent to Cussons, No. 414,500, November 5, 1889.
 United States patent to McCalmont, No. 401,961, April 23, 1889.

30 United States patent to Rokusek, No. 464,690, December 8, 1891.

United States patent to Bright, No. 492,912, March 7, 1893.
 United States patent to Cussons, No. 462,627, November 3, 1891.
 Defendants' Exhibits C. A. Woodward, No. 4.
 Defendants' Exhibits C. F. Lehre, No. 1.
 Defendants' Exhibits E. A., No. 1.
 Defendants' Exhibits Keen, Nos. 1A, 1B, 2A, 2B, 3, 4A, and 4B.
 Defendants' Exhibits McKinney, Nos. 1, 2, 3, 4, 5, and 6.

Also a stamp sheet of which defendants' Exhibit E. A., No. 1, noted above, represents an exact left-hand one-half section, said sheet therefore having a central unprinted space of just double the width of the right-hand margin of said exhibit.

Also the ordinary Government stamp sheet, and to the stamp sheet represented by Defendants' Exhibit F. C., No. 2, hereinafter set forth, with the exception of its having two more rows of stamps and of the wider unprinted spaces in the body of the sheet being reduced to the same width as the narrow unprinted spaces therein.

Also Defendants' Exhibit E. A., No. 1 and No. 4, of the Western Union Telegraph Company's unpatented stamp book without cover, which was manufactured by the American Bank Note Company as early as 1883 for said telegraph company.

Also Defendants' Exhibit "Fitch No. 1," being the Government multiple 400 stamp sheet as showing the state of the art prior to the issuance of the letters-patent to Farnham.

(Here follow diagrams marked pages 31 to 39.)

III.

On May 4, 1898, the claimant wrote United States Senator Penrose, of Pennsylvania, inclosing him two models of his proposed stamp book, together with a printed pamphlet explanatory of the device covered by his said patent, and of the proposed method of manufacturing such stamp books, and suggesting the adoption by the United States Post Office Department of the method of
40 handling and selling stamps by means of such books. Shortly thereafter said letter and the two model stamp books accompanying it were transmitted by Senator Penrose to the Post Office Department, and were subsequently referred to the Third Assistant Postmaster General.

IV.

The pamphlet transmitted by the claimant to Senator Penrose, described the stamp sheet and backing cover covered by the claimant's said patent, together with the proposed method of manufacturing stamp books therefrom, as described in the patent, and also gave estimates of the cost of manufacturing such books. On June 17, 1898, Third Assistant Postmaster General John A. Merritt wrote the claimant as follows:

"SIR: Your letter of the 4th ult. addressed to Honorable Boies Penrose was referred by him to the Second Assistant Postmaster General, who subsequently turned it over to this office. The two books submitted with your letter, containing in all 36 two-cent stamps, are herewith returned. The department does not deem it expedient to sell stamps in this way. The same proposition, it may interest you to be informed, has been many times made by other persons."

V.

On July 14, 1898, the claimant, in reply to the letter set forth in Finding IV, wrote Third Assistant Postmaster General Merritt, stating that he did not know what Senator Penrose had submitted to him, and that the descriptive pamphlet and the two model stamp books which had been transmitted by him to Senator Penrose did not fully show his invention; and he requested a personal interview with Mr. Merritt in regard to the matter.

VI.

On July 16, 1898, Acting Third Assistant Postmaster General Madison Davis, in reply to the claimant's letter of July 14, 1898, set forth in Finding V, wrote to the claimant, saying, "Your plan for booking and selling stamps is well understood; your explanation of it could not be clearer; but, as stated in a former letter to you, the department does not wish to adopt it."

VII.

On June 14, 1899, Mr. Homer Greene wrote the Postmaster General in behalf of the claimant in favor of the adoption and use by

the Post Office Department of the claimant's patented device for booking postage stamps; and in reply to said letter, Acting Third Assistant Postmaster General Madison Davis, on June 17th following, wrote Mr. Greene, stating that the claimant had, on June 17, 1898, been informed that the department deemed it inexpedient to sell postage stamps in the way proposed by him, which decision the department still adhered to.

41

VIII.

The issuance of postage stamps is under the jurisdiction of the Third Assistant Postmaster General. On July 1, 1899, Edwin C. Madden was appointed Third Assistant Postmaster General, and held said office until March 20, 1907. A short time subsequent to his appointment he began the consideration of the manufacture and sale of postage-stamp books, designing of his own accord, and without actual knowledge of the existence of the Farnham patent or any correspondence with the department relative thereto, the stamp book now used by the department. The stamp book, i. e., the finished product, was transmitted by Mr. Madden to the Bureau of Printing and Engraving with an inquiry as to the possibility of its manufacture, leaving all details as to manufacture to said bureau. The Bureau of Printing and Engraving evolved the plans for the manufacture of said stamp book as hereafter set forth, and responded to Madden's inquiry in the affirmative. Some time after the public announcement that the Post Office Department would commence the public sale of 2-cent stamps in book form Mr. Madden learned for the first time that certain persons claimed to have letters patent covering the proposed stamp book, and before issuing the same to the public he requested the Assistant Attorney General for the department to carefully examine all such claims and letters patent and advise him as to the possibility of his book infringing patented devices. The Assistant Attorney General subsequently advised him to proceed with the public sale as contemplated; that the stamp book to be issued was not covered by any previous letters patent. The Assistant Attorney General and Mr. Madden both examined the Farnham Letters No. 596,656, and Mr. Madden also examined all correspondence in the files of the department relative thereto. The Third Assistant Postmaster General, Mr. Madden, claimed from the beginning that the invention of the stamp book issued by the department was his own idea, independent of and in no wise covered by Letters Patent No. 596,656, issued to Farnham. On March 17, 1900, Third Assistant Postmaster General Madden addressed a letter to the attorney for Mr. Farnham, expressly stating that the stamp books to be issued by the department in no wise infringed the book covered by letters patent to Mr. Farnham.

IX.

The Government commenced the manufacture of stamp books on March 26, 1900. The method they employed was as follows: An ordinary stamp sheet with the usual perforations and margins

thereon containing 400 stamps was reduced to 360 stamps by omitting therefrom at certain intervals two rows of stamps, leaving corresponding unprinted spaces thereon for stitching and cutting purposes, as appears in Finding II, page 11. The covering paper of substantially similar dimensions to above stamp sheet is first printed and designed as intended for both back and front of stamp books, so as to come into complementary relationship with the former. The stamp sheet and the cover sheet are then each separately cut into strips lengthwise the sheets, after which they are assembled together with the intervening paraffine paper and cut into uniform book form and glued with a light coating of glue; time is then allowed for the glue to dry, after which the strips are inspected and counted, the last process being the stitching of the strips so as to form separate books and the cutting of the strips into the same, as shown on page 7 of Finding II. Some time after this process had been in use the stamp sheet was reduced to one-half its ordinary size, due to contraction and expansion of the large sheet caused by its being dampened in printing. The Government's stamp sheet does not have the large unprinted space in center of the sheet as shown in claimant's patent on pages 5 and 12.

X.

The net profits to the United States from the sale of the products of the multiple stamp sheets, and the multiple backing covers, from April 16, 1900, to June 30, 1910, exceeded \$3,000, for which no payment has been made, nor is it otherwise shown what a reasonable royalty for the use of said stamp-holder device so patented would be if the same were valid.

XI.

Upon the foregoing findings of fact the court finds the ultimate fact, so far as it is a question of fact, that by reason of the former state of the art shown in Finding II, as well as by reason of the non-use by the defendants of certain material elements included in claimant's specifications for which patent was granted, the said patent granted to claimant does not possess novelty or utility, and the use by the defendants of the stamp book made by them does not make them liable to the claimant in this action for damages.

Conclusion of Law.

Upon the foregoing findings of fact the court decides, as a conclusion of law, that the claimant is not entitled to recover, and his petition is therefore dismissed.

Opinion.

ATKINSON, J., delivered the opinion of the court.

This case having been decided on February 12, 1912, is now before us on plaintiff's motion for a new trial, and for amendments of findings of fact by both plaintiff and defendants.

This suit was brought to recover from the United States under an implied contract the sum of \$1,000,417.56, which is alleged to be the net profits accruing to them from the use of a patented device granted to plaintiff, covering a period of 10 years from April 16, 1900, to June 30, 1910. The defendants deny the validity of the patent, as well as the existence of an implied contract in fact for the use of the device by the Post Office Department.

43 The most important question presented by the findings is that of jurisdiction. The circumstances attending a transaction involving the manufacture and use of a patented device out of which an implied contract to pay royalties therefor arises, must indicate much more than mere consent to its use upon the part of the patentee. The convergence of other important facts must obtain. It must clearly appear that the defendants not only used the patented device, but at the time of use did so with knowledge of the patent and absolutely no claim of ownership or title upon their part in the thing used. In other words, the invitation to use the patented article must be accepted by a user of the same with what amounts to a disclaimer upon the part of the defendants of title or ownership in the invention used, if as in this case the defendants positively disclaim having used the patented article, and follow this assertion with a positive claim of invention upon their part, quite distinct from the letters-patent granted to the claimant, declining to concede either use or ownership in the article used to the claimant, the elements of mutuality are lacking, and the transaction is one of infringement. This case is totally unlike *United States v. Palmer* (128 U. S., 262) and *United States v. Berdan Fire Arms Co.* (156 U. S., 552). In these cases the patented article was exhibited to competent boards appointed by the proper departments to test as preliminary to user the proffered articles; the United States not only knew of the patented invention, but used the same without claim of ownership or title in itself to the article used. Responsibility attached as upon contractual relations, wholly upon the idea that the circumstances of user by the defendants disclosed a lack of any claim of ownership or title upon its part in the article used. As was said by the Supreme Court in *Schillinger v. United States* (155 U. S., 169), "The successive allegations place the parties in continued antagonism to each other, and there is no statement tending to show a coming together of minds in respect to anything. The findings in this case disclose that the Post Office Department previous to the issuance of stamp books worked out the plans and specifications for the same without actual knowledge and certainly quite independently of the Farnham patent; that before issuing the same through its proper legal officer reviewed said letters-patent and then proceeded in strict disregard of the same to manufacture and sell the same as an invention wholly its own, expressly repudiating the Farnham patent as having any relation thereto.

The Supreme Court in deciding the Berdan case used this language: "While the findings are not so specific and emphatic as to the assent of the Government to the terms of any contract, yet we think they are sufficient. There was certainly no denial of the patentee's

rights to the invention; no assertion on the part of the Government that the patent was wrongfully issued; no claim of a right to use the invention regardless of the patent; no disregard of all claims of the patentee, and no use, in spite of protest or remonstrance. Negatively, at least the findings are clear. The Government used the invention with the consent and express permission of the owner, and it did not, while so using it, repudiate the title of such owner," which clearly differentiates that case from this and at the same time states the rule upon which we predicate the decision of the court in this case. We think the language entirely apposite and that the transaction here involved was one of infringement.

Plaintiff vigorously opposes the findings of the court respecting the prior state of the art, and all other contentions challenging the validity of claimant's patent, asserting a want of authority upon the part of the defendants to make such a defense. If the case involved an express contract between the parties plaintiff's objections would be sound: *Harvey Steel Co. v. United States* (38 C. Cls., 662; 196 U. S., 310); *United States v. Palmer* (128 U. S., 262). Where, however, the jurisdiction of the court as well as plaintiff's right to recover depends upon a user of the alleged invention under such circumstances as to warrant an implication of a contract to pay therefor, the rule is quite the opposite, especially so where the defendants deny all the allegations of the petition. The existence of the essential elements out of which an implied contract arises, heretofore set forth, is a subject of disputation, and the defendants can not be precluded, simply because the United States is involved, from showing by positive proof a situation that in itself precludes the idea of mutuality or recognition of plaintiff's patent on its part. The question raised is not new, it has heretofore been passed upon, and the court has uniformly held it to be without merit. *Morse Arms Co. v. United States* (16 C. Cls., 296), *Harvey Steel Co. v. United States* (38 C. Cls., 681), *Societe Anon. v. United States* (224 U. S., 309), *Knapp v. United States* (46 C. Cls., 601), *Beach v. United States* (226 U. S., 243).

This court is, of course, without jurisdiction to invalidate a patent; its judgments do not assume to do so. The purpose of the findings objected to, as well as the defense interposed thereunder, is to ascertain just what the plaintiff's invention really was, the full extent or limitations of his claims and their identity with reference to the article employed by the defendants in their manufacture and sale of stamp books and his property right therein. One of the principal defenses goes specifically to the question of identity. As was said by the court in *Harvey Steel Co. v. United States*, supra: "In all such cases all defenses were open to the defendants—the Government—which are open to ordinary defendants in ordinary actions for infringement. They could set up another title, a license under another antecedent patent; they could attack the validity of a patent, and show that the invention which they appropriated was not property; they could maintain that the device which they manufactured differed in essential particulars from the device which the inventor had protected by letters patent: * * * In a word, they could always treat such suits * * * as if they were actions for infringement."

Bookmaking and bookbinding are very old; no claim of novelty is made by the plaintiff as to any of the elements entering into the stamp book produced by his alleged invention. They are admittedly old. The invention claimed related specifically to a method, a process by which certain specially designed elements combined in a certain way produced a certain result not heretofore produced in that way. The object to be accomplished as gathered from the specifications of the patentee was to produce an inexpensive form of cover in which stamps were to be secured in book form, and which might be divided

45 into smaller books of such size as desirable. To accomplish this result the plaintiff first divided the ordinary stamp sheet used by the Government into certain parts, which he designedly left unprinted for the purpose of stitching and folding. This sheet in turn was to be adapted to a backing cover, especially designed as complementary to the stamp sheet, so that by a process of stitching, folding, and cutting great quantities of the completed book might be produced by a series of single operations. There is some question as to the practicability of the invention, due to the contraction and expansion of the stamp sheet as manufactured by the United States, but aside from this, plaintiff's letters-patent disclose by his claims that the finished product to be produced by his methods of manufacture created a stamp book made by stitching the component elements together, then folding the cover in such a way as to inclose both front and back of the book, leaving a sufficient margin for the formation of flaps upon the same to secure its closing. This was the invention upon which he secured his letters-patent, as clearly shown from the history of the patent in the Patent Office. This invention the defendants did not use; they never at any time used a stamp sheet designed in accord with plaintiff's claim therefor; they at no time employed the folding process in attaching their covers, and otherwise omitted, as shown by the findings, at least one margin of unprinted space in the stamp sheet itself. It was held in the case of *Singer Mfg. Co. v. Cramer* (192 U. S., 265) "where the patent is not a primary patent and there is no substantial identity in the character of two devices except as the combination produces the same effect, and there are substantial and not merely colorable differences between them, there is no infringement of the earlier patent."

Citations are hardly necessary to sustain the oft-repeated doctrine that where the invention claimed is no more than the employment of elements old in the art to accomplish a new purpose or result, the invention is limited specifically to the detail of one's claims.

The remaining question to be considered is the validity of the patent granted by the United States Patent Office to plaintiff for a postage-stamp holder, dated January 4, 1898, and numbered 596656. Application for a patent on this device was first filed by plaintiff in the Patent Office March 17, 1896, which application was rejected, and an amended request for the issuance of the same was again filed September 14, 1897. Plaintiff, however, claims that he first discovered the utility of his stamp-holder combination in August, 1894, which claim is attested by two witnesses; but this contention, however, is not material to the issues involved in this suit. The court, in deter-

mining the validity of the patent, need only consider the matter of dates in so far as it is necessary to determine the relation of plaintiff's patent to the prior state of the art when applied to the several similar patented and unpatented devices which are herein involved.

Considering the subject of what an invention is, Walker on Patents, section 23, says:

"Patents are grantable for things invented, and not for things otherwise produced, even where the production required ability of a high order. Novelty and utility must, indeed, characterize the subject of a patent, but they alone are not enough to make anything patentable; for the statute provides that things to be patented must be invented things, as well as new and useful things."

46 & 47 Hence, to be patentable, an idea or discovery must not only possess novelty and utility but it must be the product of inventive faculties as well.

Claim 1 of plaintiff's patents reads as follows:

"A stamp sheet having one series of narrow, unprinted spaces in the body thereof, a second series of spaces wider than the first, along which said sheet is adapted to be stitched, a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described;" and he lays particular stress upon this claim of his patent, alleging therein both novelty and invention.

A mass of evidence and many exhibits have been introduced to show that the form of stamp sheet claimed in his patent involved invention because of the fact that by this method or form it was possible to economically produce large numbers of the stamp booklets by multiple manufacture. The small margin of profit possible in the sale of stamp books made it essential to the success of the device to manufacture them at a minimum cost. Plaintiff knew this, and his purpose therefore was to secure a patent on such a design of stamp sheet as would achieve this result. His effort, however, to secure acknowledgment of invention in this particular claim by the Patent Office officials met with many rejections, as is shown by the findings.

Whatever particular novelty there is in claim 1 of the patent consists, after five rejections, in adding a third series of spaces to the form of stamp sheet. In his application plaintiff states that "the flaps on the outside and on the inside of the cover F may be dispensed with, if desired, in which case the wide space *h* in the middle of the sheet of stamps and the flap P' need not be provided."

It is shown by the proceedings before the examiners of the Patent Office that the claim was allowed only after the introduction of the centrally extending spaces, and yet we find plaintiff alleging in his specifications that the same results can be achieved without these spaces as well as with them.

The Patent Office examiners decided that there was no patentable novelty in claim 1 when the stamp sheet had "one series of narrow unprinted spaces in the body thereof * * * and another series of wider unprinted spaces adapted to be cut off." Plaintiff thereupon added "a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet"; but

in his specifications he states that in the manufacture of his device the wide central space *h* shown in his sheet of stamps (printed in Finding II) need not be provided. If the third space in his stamp sheet is not essential, then he reverts back to his claim as amended July 18, 1896, as to which the examiner said it "is thought to relate to nothing of patentable novelty differing from the ordinary structure of stamp sheets with their blank margins only in a matter of degree."

Having failed to get claim 1 of his application through the Patent Office on his claim of a stamp sheet without the third series of spaces, and when the examiners stated in their rejection of this particular claim that "applicant's claim can only be read when including the blank margins of the ordinary stamp sheet," therefore plaintiff, in order to secure a different construction from that of the ordinary known prior art, added "a third series of spaces," but renounces it as necessary or advantageous in the development of his device.

His Exhibit No. 21 printed in Finding II does not show the use of this central wide space because he had voluntarily dispensed with it. It is, therefore, plainly to be seen that the claim of a third space in the stamp sheet was one of expediency, alleged for the purpose of securing the allowance of claim 1 of his application for a patent, which reveals the fact that his allowed patent for a stamp-book holder was more the result of evolution than invention.

As we have already shown, a device to be patentable must not only possess novelty and utility, but it must also be the product of the inventive faculties. It must not merely show skill but must evince invention. If, however, the mind advances from the known to the unknown by a transition natural to the ordinary instructed intellect, there is no invention. Reasoning is not invention. (Merwin on Patentability, pp. 18, 19, 22, 38; Beckendorf v. Faber, 92 U. S., 347.) In a patentable device there must be invention, as distinguished from mechanical or technical skill. Invention is the creation of something new—new not as a mere modification of an idea already existing, but an addition to the stock of ideas. (Merwin, p. 10.)

In further considering the patentable novelty of claim 1 of the plaintiff's patent, we enter the field of prior art of unpatented devices similar to the plaintiff's alleged discovery.

It is shown by Finding II that the American Bank Note Co. in manufacturing pocket stamp books for the Western Union Telegraph Co. had knowledge of and had printed and used in booklet form the method of constructing multiple book leaf sheets of stamps, having unprinted cutting spaces and binding spaces, practically similar in all essential respects to plaintiff's alleged discovery and allowed in his patent, as far back as 1883. It is apparent, therefore, that the narrow, unprinted spaces running through the body of the stamp sheet of defendants' Exhibit E. A. No. 1 (Finding II) are for the purpose of perforation and also for cutting the sheets into the small book sections of leaves of six stamps each, the wider spaces running through the sheet being for the purpose of binding stubs for use in binding the leaves of six stamps each into booklets. It is likewise

further shown that the Western Union Telegraph Co. sheets were also cut through between the long way of the sections and then, after collating the required quantity, were stitched together along with an interposed paraffin sheet between each sheet of stamps, and were subsequently split through crosswise of the section and placed in a case or cover.

By referring to the stamp sheet of the Western Union Telegraph Co., a replica of which is printed in Finding II, it appears that the spaces indicated by the "a's" shown thereon are the perforated ones, while the spaces marked by "b" thereon are the cutting divisions. Also the spaces marked "1" would be for perforating, and the spaces marked "2" are for cutting and separating the sheets of four stamps one from the other. The part used for a binding margin or stub is the margin at the head of the stamps marked "a."

It further appears from the findings that if the permissible method of eliminating the wide central space in the stamp sheets of plaintiff's claim 1 of his patent, as stated in the specifications therefor, may be done, we would reach an arrangement of stamp sheets under
49 plaintiff's method of "one series of narrow unprinted spaces in the body thereof, a second series of spaces wider than the first, along which said sheet is adapted to be stitched," as compared with which claim the American Bank Note Co. shows that it manufactured a similar multiple stamp sheet booklet with one narrow unprinted space in the body thereof, a second series of spaces wider than the first as early as 1883, which is practically identical with claim 1 in plaintiff's patent. It will be observed, therefore, by comparison that the stamp sheet manufactured by the American Bank Note Co. (Finding II) is identical, or practically so, with that of plaintiff's when the wide, centrally located unprinted space is left out of his stamp sheet, as he says may be done if desired, and as he has done in the manufacture of his sheets as shown by the book covers in Finding II.

The Patent Office examiners, after rejecting claim 1, stated that "only a claim to a specific construction can be allowed," whereupon plaintiff then inserted a claim for "a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet." It was upon this amendment or addition that plaintiff secured his patent, but he states in his specifications that this central unprinted space is not an essential element in the construction of his stamp holders, and need not be used in a successful construction of the device.

A combination is an entirety, and if one of its important elements is omitted the thing claimed disappears. Every part of the combination claimed is conclusively presumed to be material to the combination. A patentee makes all parts of a combination material when he claims them in combination and not separately. He can not, therefore, show his invention to be broader or narrower by construction, to prevent anticipation. (Walker on Patents, secs. 176, 181, 182, 186, 339, and 349; Case v. Brown (2 Wall., 320), Derby v. Thompson (146 U. S., 476, 482), Wright v. Yuengling (155 U. S., 47), McClain v. Ortmyer (141 U. S., 419, 425), Hubbell v. United

States (179 U. S., 77, 82), *Water Meter Co. v. Vesper* (101 U. S., 332).)

Plaintiff's claim 1 of his patent, therefore, necessarily fails for want of patentable novelty and utility by reason of like devices in the prior art.

Claim 2 of the patent reads as follows:

"A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described."

The language of this claim is not definite. It was the evident intention of the patentee to form a combination of the stamp sheet as described in claim 1 of the patent, and, as plaintiff says, "a backing cover for said sheet adapted to be divided into sections to form books, substantially as described." We are, therefore, necessarily referred by the terminal phrase of the claim, "substantially as described," to the specifications and drawings of the patent for enlightenment thereon.

In figure 1 of the patent, as shown in Finding II, we find a sheet of multiple backing covers or book backs. This sheet of backing covers has a series of divisional lines for the purpose of cutting the sheet in order to form small books and for stitching and for forming flaps for the same. Figure 3 is a view of the backing cover
50 open, with sheets of stamps interposed. Figure 4 is a backing cover opened, showing the two backs, stitched at *e'* and flap *P'*. Figure 5 shows the backing cover with flap closed.

Plaintiff says in his specification, and as there is no definite description in claim 2 in his patent of the backing cover—we must look elsewhere for design—that "the flaps on the outside and on the inside of the cover *F* (figs. 3, 4, and 5 of his specifications) may be dispensed with, if desired." This is a clear admission that the flap *P'* is not an essential element to the utility of the backing cover.

The elimination of the flap on the backing cover clearly brings the patent of J. Cussons, No. 414,500, granted November 5, 1889, into this case, because of its similarity to plaintiff's device, and it necessarily raises the question of the prior state of the art relating to patents covering this class of invention. (See cuts in Finding II.)

Cussons's claims are:

"1. The method herein described of manufacturing blank books, which consists in superimposing a series of unfolded sheets ruled to form the pages of a number of books, placing such unfolded sheets on a back of cover sheet, stitching through the sheets and cover along the folding line of the sheets and cover, then subdividing the whole and folding the subdivided sections along their stitched lines into complete books, substantially as described.

"2. The method herein described of manufacturing advertisement blank books, which consists in printing the advertisements in multiple impressions in rows upon a cover sheet, each row containing the impressions required for a series of complete books, superimposing a series of unfolded sheets, each having multiple impressions in rows one above the other, and each row containing the impressions required for a series of complete books, stitching through

the superimposed unfolded sheets and cover along the folding line of the sheets and cover, subdividing the unfolded sheets and cover in two directions on lines extending at right angles to each other, substantially as described."

Figure 3 of Cussons's patent shows a sheet of multiple backing covers designed to form six complete small book covers. Plaintiff shows a sheet containing a greater number of backing covers. The difference, therefore, between them is only one of degree. Cussons's patent states that his sheet is to be divided by cutting along the divisional lines in two directions on lines extending at right angles to one another. Plaintiff subdivides his multiple backing sheet in the same manner. Cussons stitches his sheets and covers before subdividing, and then folds them to form his book. Plaintiff says nothing as to folding cover, which convinces us that he folds along the stitched line shown in figure 4 of his patent so that his single backing cover folded through the center of his book will form an upper and lower cover. Figure 5 of his patent shows clearly a book cover folded in the middle to make the upper and lower covers thereof.

If it should be necessary to further show that Cussons's patent anticipated the plaintiff's backing cover, the simple addition of a flap to the Cussons multiple sheet (Finding II) would reveal a true facsimile of plaintiff's backing cover. As plaintiff admits that the flap on his backing cover is not a necessary element in the construction of his device, he thereby necessarily precludes its patentable novelty, because a backing cover was anticipated by Cussons's prior art patent.

Claims 1 and 2 of plaintiff's patent, therefore, necessarily fail for lack of patentable novelty and utility, and claims 3 and 4 of the patent, not being involved in this suit, have not been considered.

For the reasons given we decide (1) that there was no implied contract; (2) that the defendants did not use plaintiff's invention for which he received a patent; and (3) that plaintiff, therefore, had no property right therein. Consequently the petition must be dismissed and judgment awarded for the United States, which is accordingly done.

It is ordered that the plaintiff's motion for a new trial be and the same is hereby overruled.

The plaintiff's motion to amend findings and the defendants' motion to amend findings are both allowed in part and overruled in part.

The former findings are withdrawn, and amended findings and opinion are this day filed. The judgment of the court to stand.

X. *Judgment of the Court.*

Nos. 28964 & 30931 Consolidated.

FRANK G. FARNHAM

vs.

THE UNITED STATES.

At a Court of Claims held in the City of Washington on the first day of December, 1913, judgment was ordered to be entered as follows:

The Court on due consideration of the premises find for the defendant and do order, adjudge and decree, that the petition of the claimant, Frank G. Farnham, be, and the same is hereby dismissed.

BY THE COURT.

XI. *Application for and Allowance of Appeal.*

The petitioner, Frank Gunn Farnham, hereby appeals from the decision of the Court in the above entitled case to the Supreme Court of the United States.

HOSEA B. MOULTON,
Attorney for the Petitioner.

Filed February 25, 1914.

Ordered: That the above appeal be allowed as prayed for.

BY THE COURT.

February 25, 1914.

Court of Claims.

Nos. 28964 and 30931 Consolidated.

FRANK GUNN FARNHAM

vs.

THE UNITED STATES.

I, John Randolph, Assistant Clerk of the Court of Claims, certify that the foregoing are true transcripts of pleadings and proceedings in the above-entitled cause; of the argument of the case and of motions to amend findings; of the order of the Court of December 1, 1913; of the findings of fact as finally determined by the Court and of the conclusion of law and of the opinion of the Court; of the judgment of the Court dismissing the petition; of the application of the claimant for, and allowance of, appeal to the Supreme Court of the United States.

In testimony whereof I have hereunto set my hand and affixed the seal of the Court of Claims of the United States this 2d day of March, A. D. 1914.

[Seal Court of Claims.]

JOHN RANDOLPH,

Assistant Clerk, Court of Claims.

Endorsed on cover: File No. 24,120. Court of Claims. Term No. 107. Frank G. Farnham, appellant, vs. The United States. Filed March 20th, 1914. File No. 24,120.



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Office Supreme Court, U. S.

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JAMES D. MAHER

CLERK

Supreme Court of the United States.

OCTOBER TERM, 1915.

No. 107.

FRANK C. FARNHAM, APPELLANT,

V.S.

THE UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

Brief on Behalf of Appellant.

HOSEA B. MOULTON,

GEORGE W. RAMSEY,

Attorneys for Appellant.

THE COURT OF THE UNITED STATES

1891

AND THE DISTRICT COURT OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF THE ESTATE OF

JOHN W. BROWN

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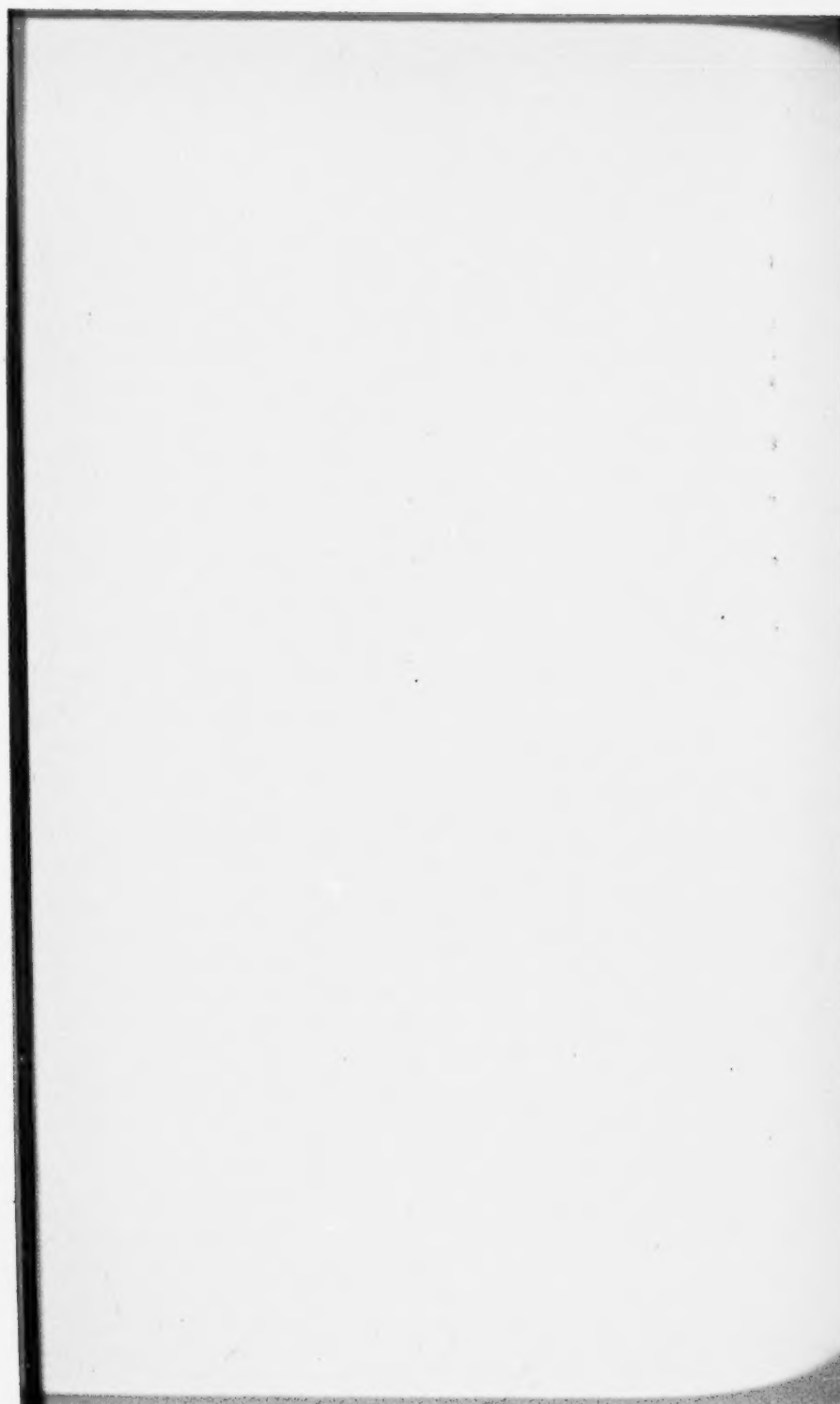
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Supreme Court of the United States.

OCTOBER TERM, 1915.

No. 107.

FRANK C. FARNHAM, APPELLANT,

V.S.

THE UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

Brief on Behalf of Appellant.

STATEMENT.

This is an appeal from the decision of the Court of Claims upon the subject matter of two consolidated suits numbered in the Court of Claims 28,964 and 30,931, respectively.

Suit No. 28,964 was brought in 1906 A. D., seeking to recover net profits that had accrued to the Government of the United States for the sale of stamp books which appellant contends include his invention as covered by his United States patent No. 596,656, granted January 4, 1898 A. D.; the net profits of the Government from sales of the stamp books in question, the 30th day of April, 1900, A. D., to the 30th day of June, 1905, A. D., being \$315,647.61.

Suit No. 30,931 was filed in 1911, A. D., seeking to recover under implied contract the amount of net profits that had accrued to the Government of the United States for sale of the stamp books between the 30th day of June, 1905, A. D., and the 30th day of June, 1910, A. D., said amount being \$684,769.95; which amount appellant claims for use of his patented invention for the said period.

That heretofore, to wit, on the 27th day of November, A. D., 1911, said two suits were consolidated upon motion and by order of the Court of Claims making an aggregate sum sought to be recovered in said consolidated suits of \$1,000,417.56.

The facts as found in these cases as consolidated by the Court of Claims are, in substance, as follows:

Frank G. Farnham, a citizen of the United States, on March 17, 1898, filed, in the United States Patent Office, an application for Letters Patent for Improvement in Stamp Holders, and that Letters Patent, No. 596,656, was granted and issued to him on January 4, 1898; that the application as filed included as claim 2—(Trans. of Rec., p. 15).

"A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover

for said sheet adopted to be divided into sections to form books, substantially as described."

The patent as issued included identically this same claim and also included as claim 1—(Trans. of Rec., p. 16).

"A stamp sheet having one series of narrow unprinted spaces in the body thereof, a second series of spaces wider than the first, along which said sheet is adapted to be stitched, a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described."

That on May 4, 1898, the appellant, who is the patentee, wrote United States Senator Penrose, of Pennsylvania, inclosing two models of his proposed stamp book and a printed pamphlet explanatory of the stamp book covered by his patent, and that Senator Penrose, shortly after this date, transmitted the letter and the two model stamp books to the Third Assistant Postmaster General; that on June 17, 1898, the Third Assistant Postmaster General, John A. Merritt, wrote the appellant, the patentee, returning the model stamp books and in his letter stated—"The Department does not deem it expedient to sell stamps in this way." On July 14, 1898, the appellant, patentee, replied to the letter from the Third Assistant Postmaster General and requested a personal interview with Mr. Merritt in regard to this stamp book matter. On July 16, 1898, the Acting Third Assistant Postmaster General, Madison Davis, replied to the appellant's letter of July 14, 1898, and in his letter stated—"Your plan for booking and selling stamps is well understood; your explanation of it could not be clearer; but, as stated in the former

letter to you, the department does not wish to adopt it." On June 14, 1899, a further letter on behalf of the appellant's patent was addressed to the Postmaster General. This letter was also answered by the acting Third Assistant Postmaster General, Madison Davis, on June 17th following, stating that the appellant, patentee, had on June 17, 1898, been informed that the department deemed it inexpedient to sell stamps in the way proposed by him, which decision the department still adhered to; that on July 1, 1899, Edwin C. Madden was appointed Third Assistant Postmaster General and shortly subsequent to his appointment he began the consideration of the manufacture and sale of postage stamp books.

That the Government commenced the manufacture of stamp books on March 26, 1900; that in the manufacture of stamps by the Government a perforated stamp sheet was produced in which unprinted spaces were left thereby dividing the stamps on the sheets into parallel groups or rows of stamps. The unprinted spaces being left for stitching and cutting purposes. The covering paper of substantially similar dimensions to the stamp sheet was printed and designed for both the back and front of the stamp books so as to come into complementary relationship with the arrangement of the stamps on the sheet. The stamp sheet and cover sheet are then each separately cut into strips lengthwise the sheets; then they are assembled together with intervening paraffin paper and glued with a light coating of glue which is allowed to dry, after which the strips are stitched, and the sewed strips then cut into individual and separate stamp books. The individual books are sewed on the end and are two stamps wide and three stamps long.

A stamp book as disclosed and covered by appellant's patent includes a sheet of stamps provided with longitudi-

inally extended unprinted spaces to divide the stamps into parallel groups of rows of stamps. The parallel unprinted spaces are for cutting and stitching to bind a cover to the stamp sheet. The specific preferred form of appellant's stamp book includes a book provided with a flap on one edge and to this end a wide unprinted space is left in the middle of the sheet of stamps, in the preferred form. The specification states that where the flap on the cover is dispensed with the wide space in the middle of the sheet of stamps need not be provided.

The manufacture of a stamp book in accordance with the appellant's patent includes a cover with front and back printed to indicate lines on which it is to be divided to form smaller books, and also the number, kind and value of the stamps contained in each small book. The stamp sheet, including the grouped rows of stamps, is laid on the cover with paraffin paper interposed. The sheets of paper are aligned and the superimposed package is fed beneath a sewing or stitching machine wherein staples are applied through the cover and stamps, the staples passing through the longitudinal unprinted spaces in the stamp sheet. The sewed package is then sub-divided into smaller books on the lines indicated, which books when properly trimmed comprise the completed article. The finished books are three stamps long and two stamps wide, and are sewed on the edge.

That the net profits in the United States from the sale of the products of multiple stamp sheets and multiple backing covers from April 16, 1900 to June 30, 1910, exceeded Three Thousand Dollars.

The Court of Claims also finds (Find. XI) as the ultimate fact, so far as it is a question of fact, that by reason of the former state of the art as shown in the Finding II, as well as by reason of the non-use of de-

fendants of certain material elements included in appellant's specification, for which the patent was granted, the said patent granted to appellant does not possess novelty or utility and the use by defendant of the stamp book made by them does not make them liable to appellant in this action for damages.

SPECIFICATION OF ERRORS.

The specification of errors relied upon and the questions which are hereby presented for review are :

1. That the Court of Claims erred in not dismissing appellant's petition without prejudice after the Court decided there was no implied contract and that it did not have jurisdiction.

2. That the Court of Claims erred in considering the question of novelty of appellant's patent after having decided there was no implied contract and that the Court had no jurisdiction.

3. That the Court of Claims erred in considering the question of identity between the device of appellant's patent and the construction used by the defendant after the Court of Claims had decided there was no implied contract and that it did not have jurisdiction.

4. That the Court of Claims erred in finding as the ultimate fact the questions of law set forth in the finding XI, as follows (Trans. of Rec., p. 20) :

"Upon the foregoing findings of fact the court finds the ultimate fact, so far as it is a question of fact, that by reason of the former state of the art shown in Finding II, as well as by reason of the non-use by the defendants of certain material elements included in claimant's specification for which patent was granted, the said patent granted

to claimant does not possess novelty or utility, and the use by the defendants of the stamp book made by them does not make them liable to the claimant in this action for damages."

5. That the Court of Claims erred in holding there was no implied contract.

6. That the Court of Claims erred in holding appellant's patent did not possess novelty and utility.

7. That the Court of Claims erred in holding that the defendant did not use appellant's invention for which he received a patent.

IMPLIED CONTRACT.

The question of implied contract is the hub around which this whole case turns and appellant now respectfully presents his argument on this point.

After appellant obtained his patent on January 4, 1898, he communicated with the Third Assistant Postmaster General, John A. Merritt, submitting models of his stamp books. The Acting Third Assistant Postmaster General, Madison Davis, replied that appellant's plan of making and selling stamp books was well understood, that his explanation could not be clearer. In substantially one year from the date of this letter from Mr. Davis, appellant's book was placed before the Postmaster General, and again the Acting Third Assistant Postmaster General, Mr. Davis, replied that it was not expedient to sell stamps in the way proposed by appellant, and that that decision was adhered to. Shortly after this date Mr. Madden was appointed Third Assistant Postmaster General. He immediately began the consideration of selling stamps, in books, and on March 26, 1900, the Government commenced the manufacture of stamp books.

The findings show that Mr. Madden had no knowledge of appellant's patent at the time when he began the consideration of the manufacture and sale of stamp books on behalf of the Post Office Department. It is respectfully contended, that the issuance of the patent is sufficient notice and that this point is immaterial.

BOYDEN v. BURKE, 14 How. ⁵⁷⁵~~275~~, Bk. 14 L. ed., 548.

"Patents are public records. All persons are bound to take notice of their contents, and consequently should have a right to obtain copies of them."

Where the Government, through its officers, appropriates private property the Constitution protects the citizen.

UNITED STATES v. RUSSELL, 80 U. S. 623, Bk. 20 L., ed. 474.

Steam boats were pressed into public service during the Revolution. Suit was brought in the Court of Claims for compensation and it was held by the Court of Claims that the use raised an implied promise on the part of the United States to compensate the claimant.

The Supreme Court sustained the decision of the Court of Claims and speaking through Mr. Justice Clifford stated:

"Private property, the Constitution provides, shall not be taken for public use without just compensation, and it is clear that there are few safeguards ordained in the fundamental law against oppression and the exercise of arbitrary power of

more ancient origin or of greater value to the citizen, as the provision for compensation, except in certain extreme cases, is a condition precedent annexed to the right of the Government to deprive the owner of his property without his consent. 2 Kent, Com., 11th ed., 339; 2 Story, Const., 3rd ed., 596."

UNITED STATES v. GREAT FALLS MFG. CO.,
112 U. S. 645, Bk. 28 L., ed. 846.

The United States Government, through the War Department, took private property for use in constructing dams and other works relating to Washington aqueduct.

The Supreme Court, speaking through Mr. Justice Harlan, stated:

"The law will imply a promise to make the required compensation, where property, to which the Government asserts no title, is taken pursuant to an Act of Congress, as private property to be applied for public uses. Such an implication being consistent with the constitutional duty of the Government as well as with common justice, the claimant's cause of action is one that arises out of implied contract, within the meaning of the statute which confers jurisdiction upon the Court of Claims, of actions founded upon any contract, express or implied, with the Government of the United States."

The rights granted under a valid United States patent are property of intangible character, and the Supreme Court of the United States has frequently held that the

owner thereof is entitled to protection even against the use by the Government.

CAMMEYER v. NEWTON, 94 U. S. 225, Bk. 24 L., ed. 72.

Suit was brought in the Circuit Court, S. D. N. Y., alleging infringement of complainant's patent by the use of devices for removing obstructions in streams by United States engineers. The bill was dismissed for lack of infringement.

In affirming this decision the Supreme Court, speaking through Mr. Justice Clifford, stated :

"Holders of valid patents enjoy, by virtue of the same, the exclusive right and liberty of making and using the invention therein secured, and of vending the same to others to be used, as provided by the Act of Congress; and the rule of law is well settled, that an invention so secured is property in the holder of the patent, and that as such the right of the holder is as much entitled to protection as any other property, during the term for which the franchise or the exclusive right or privilege is granted. *Seymour v. Osborne*, 11 Wall., 516 (78 U. S., XX., 33) ; 16 Stat. at L. 201."

The Supreme Court of the United States has frequently held that use by the Government of an invention patented, might establish implied contract for compensation of such use.

UNITED STATES v. BURNS, 79 U. S. 246, Bk. 20 L., ed. 388.

Suit was brought before the Court of Claims to obtain royalties on a patented tent.

The facts of this case included the consideration of a prior contract so that the question was not implied contract but compensation.

The Court stated:

"If an officer in the military service, not especially employed to make experiments with a view to suggest improvements, devises a new and valuable improvement in arms, tents, or any kind of war material, he is entitled to the benefit of it, and to letters patent for the improvement, from the United States, equally with any other citizen not engaged in such service; and the Government cannot, after the patent is issued, make use of the improvement any more than a private individual, without licence of the inventor or making compensation to him."

JAMES v. CAMPBELL, 104 U. S. 356, Bk. 26 L., ed. 786:

Suit was brought in the Circuit Court, S. D. N. Y., charging Thomas S. James, Postmaster of New York City, with infringement of a patent granted for an implement for stamping letters. The Circuit Court entered a decree in favor of the complainant.

The Supreme Court, speaking through Mr. Justice Bradley, in reversing this decree because of non-infringement, stated:

"That the Government of the United States when it grants Letters Patent for a new invention

or discovery in the arts, confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the Government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser, we have no doubt."

* * * * *

"Many inventions relate to subjects which can only be properly used by the Government, such as explosive shells, rams and submarine batteries to be attached to armed vessels. If it could use such inventions without compensation, the inventors could get no return at all for their discoveries and experiments."

HOLLISTER v. BENEDICT ET AL, 113 U. S. 59, Bk. 28 L. ed., 901.

An appeal from the Circuit Court of the U. S. District of Connecticut.

Suit in equity was brought against the Collector of Internal Revenue for alleged infringement of patent on revenue labels or marks. The Circuit Court found for complainant, and the Supreme Court, speaking through Mr. Justice Matthews reversed the Circuit Court, but affirmed the statement in *James v. Campbell*, 104 U. S. 356, that the right of a patentee under letters patent was exclusive of the United States, and stated:

"It was authoritatively declared in *James v. Campbell*, 104 U. S. 356 (XXVI., 786), that the right of the patentee, under letters patent for an invention granted by the United States, was exclusive of the Government of the United States as well as of all others, and stood on the footing of

all other property, the right to which was secured, as against the government, by the constitutional guaranty which prohibits the taking of private property for public use without compensation; but doubts were expressed whether a suit could be sustained, such as the present, against public officers, or whether a suit upon an implied promise of indemnity might not be prosecuted against the United States by name in the Court of Claims."

UNITED STATES v. PALMER, 128 U. S., 262, Bk. 32 L., ed. 442.

Suit brought in the Court of Claims under patent on infantry equipment which the government was using. In this case claimant exhibited his invention before a Board of Army officers, who recommended the adoption of the equipment to the War Department, and the Government manufactured the equipment in large numbers for use in the army. The Court of Claims found the use under the circumstances set up an implied contract.

The Supreme Court, in affirming this decision, speaking through Mr. Justice Bradley, and quoting from *James v. Campbell*, 104 U. S. 356, stated:

"That the Government of the United States when it grants letters patent for a new invention or discovery in the arts, confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the Government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser, we have no doubt. The Constitution gives to Congress power 'to promote the

progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries,' which could not be effected if the Government had a reserved right to publish such writings or to use such inventions without the consent of the owner. Many inventions relate to subjects which can only be properly used by the Government, such as explosive shells, rams and submarine batteries to be attached to armed vessels. If it could use such inventions without compensation, the inventors could get no return at all for their discoveries and experiments."

McKEEVER v. UNITED STATES, 14 Court of Claims, 396. (Affirmed by the Supreme Court, October term 1882; November 20, 1882.) Not reported in U. S. Reports.) 23 O. G. 1525, C. D. 1883, 232; 14 Brodix Patent Cases, 414.

McKeever secured a patent on cartridge boxes which were exhibited to an Ordnance Board who recommended the adoption of said cartridge boxes by the Army. The Ordnance Department, therefore, without further communication with the claimant proceeded to manufacture the cartridge boxes after claimant's design.

In this case Judge Nott of the Court of Claims stated:

"The claimant had gone to the expense of turning his invention into property; it was an article salable almost exclusively to the Government; his offer imported a desire to sell to almost the only purchaser of such articles; the defendants' officers considered and acted upon his offer and adopted and used his design. If they proceeded, and he allowed them to proceed, without the formality of

an express license, or the precaution of an express consideration, the mission did not change the character of the transaction, for the law supplies by implication a price in giving what the license was reasonably worth."

In the present case the Court of Claims in its decision refers to the fact that the device used by the Government originated with Mr. Madden, Third Assistant Postmaster General (Findings VIII), and in the decision stated: (Trans. of Rec., p. 21).

"* * * * the defendants positively disclaim having used the patented article, and follow this assertion with a positive claim of invention upon their part, quite distinct from the letters patent granted to claimant, declining to concede either use or ownership of the article used to claimant, the elements of mutuality are lacking, and the transaction is one of infringement."

It is respectfully urged that the fact of independent originality or of slight differences should not determine the question of implied contract.

UNITED STATES v. BERDAN FIRE ARMS
MFG. CO., 156 U. S. 552, Bk. 39 L. ed., 530.

An appeal from the judgment of the Court of Claims awarding compensation to a patentee for use by the Government of breach loading fire arms mechanism covered by claimant's patent.

The claimant communicated with the ordnance officers offering his inventions. The Government adopted the invention and the Supreme Court held that the Govern-

ment used the invention with the consent and express permission of the owner and while using it did not repudiate the title of such owner, and that compensation was rightly awarded.

The Supreme Court, speaking through Mr. Justice Brewer, calls particular attention to the fact that the device used by the Government originated within the Government, and stated: (p. 573).

"It is fair also to bear in mind that the particular structure which the government used was devised by one of its own employes, and while the difference between it and the Berdan device is slight, and Berdan was the prior inventor, yet it is not unreasonable to take into consideration this slight difference between the two structures, and that the government constantly held to the specific device invented by its own employe. The question is not whether, from the other facts stated in the findings, we should have reached the same conclusion as the Court of Claims, but whether, from such other facts, we can see that Court erred. We are not prepared so to hold."

UNITED STATES v. SOCIETE ANONYME and so forth, 224 U. S., 309, Bk. 56 L. ed., 778.

Appeal from the Court of Claims allowing an award for the use of a patent on a gas check for breech loading cannons used by the United States.

In that case the United States Government contended there was no implied contract and urged two conditions as necessary to set up implied contract.

The Supreme Court, speaking through Mr. Justice McKenna held the contention was not well taken the contentions being, that (p. 320):

"* * * * 'there must be (1) a use of it with the patentee's assent; and there must also be (2) an agreement or meeting of minds on the part of the patentee and on the part of the user as to compensation for the use, even though the amount of the compensation be not fixed. These elements, it is insisted, were present in the Berdan case, which we have seen was relied on by the court of claims; they are, it is further insisted, absent in the case at bar.

But these elements do not have to appear by the explicit declaration of the parties. They may be collected from their conduct. The alternative of a contract is important to be kept in mind. The officers of the Government knew of the De Bange invention and were aware of its great importance, and the purpose to deliberately take property of another without the intention that he should be compensated—in other words, to do plainly a wrongful act—cannot be imputed to them without the most convincing proof."

It is therefore, respectfully urged that appellant having secured a patent from one department of the United States Government, for a device, namely, a stamp book, which is primarily useful to the Government itself, and when after having obtained his patent he endeavors to interest the Post Office Department in his invention, but the Post Office Department replies, while fully understanding his device it does not deem it expedient to sell stamps according to his invention; and that where later the Government, through its officers, changes its mind and decides to sell stamps in books; there is an implied contract to pay for this use, since the Government certainly will not take an individual's property without making due compensation therefor.

JURISDICTION.

The primary question in the present case is that of jurisdiction.

Appellant obtained a patent January 4, 1898, on a stamp holder, or stamp book, and suit was brought to obtain compensation from the United States under an implied contract covering a period of ten years from April 16, 1900 to June 30, 1910, for stamp books manufactured by the Government and issued through the Post Office Department, which appellant contends included the invention covered in his patent.

The jurisdiction of the Court of Claims therefor in the present case is to be determined under the Act of March 3, 1887, known as the Tucker Act (24 Stat. at L., 505, Chap. 359), wherein the Court of Claims was vested with jurisdiction over cases including "cases of contracts, express or implied, with the Government; actions for damages, liquidated or unliquidated, of cases not sounding in tort, * * *"

The Court of Claims found the appellant had corresponded with the Post Office Department placing his invention before the officials with the request that the Government take up the manufacture of stamp books in accordance with his invention. That the Post Office Department replied that it did not deem it expedient to sell stamps in this way; that subsequent to this correspondence the Post Office Department began the manufacture and sale of stamp books. That prior to the issuance of the stamp books by the Post Office Department the Third Assistant Postmaster General addressed a letter to the attorneys for appellant expressing the opinion

that the stamp books did not infringe the book covered by appellant's patent.

The findings are silent as to whether any objection was made by appellant to the issuing of the stamp books by the Government.

The Court of Claims found there was no implied contract between appellant and the defendant and in the opinion stated (Trans. of Rec., p. 21) :

"In other words, the invitation to use the patented article must be accepted by a user of the same with what amounts to a disclaimer upon the part of the defendants of title or ownership in the invention used, if as in this case the defendants positively disclaim having used the patented article, and follow this assertion with a positive claim of invention upon their part, quite distinct from the letters-patent granted to the claimant, declining to concede either use or ownership in the article used to the claimant, the elements of mutuality are lacking, and the transaction is one of infringement."

If in the present case the facts do not legally set up an implied contract then the Court of Claims is without jurisdiction. It is respectfully urged that after the Court of Claims found there was no implied contract, then it was without power to determine either the question of novelty of the invention disclosed in appellant's patent, to the question of identity, or lack of identity, between appellant's invention and the stamp book manufactured by the United States.

On ~~July~~^{June} 25, 1910, Congress enacted—"An act to provide additional protection for users of patents of the United States, and other purposes" giving the Court of

Claims jurisdiction of patent infringement suits against the Government. Appellant's patent, granted January 4, 1898, did not expire until January 4, 1915, so that appellant is entitled to benefits of the Act of ~~July~~^{June} 25, 1910, for the period subsequent to this Act and prior to the expiration of his patent. A decision of the Court of Claims denying jurisdiction because the action in the present case sounds in tort; and at the same time deciding the question of novelty of appellant's invention, and that the government does not use the invention denies to appellant the right to sue for infringement as given by the statute of June 25, 1910. It is, therefore, urged that the Court of Claims should have dismissed appellant's petition without prejudice.

INDIAN LAND & TRUST CO. v. SHOENFELT et al., 135 Fed. Rep., 484. C. C. A. Eighth Circuit.

Circuit Court of Appeals, speaking through Judge Sanborn, on the question of dismissal of a suit because of lack of jurisdiction in equity, stated (p. 487):

"A general decree of dismissal of a suit in equity, without more, renders all the issues in the case *res adjudicata*, and constitutes a bar to an action at law for the same cause. Hence, when a court of equity has no jurisdiction of a suit, the decree of dismissal must expressly adjudge that it is rendered for that reason, or must expressly provide that it is made without prejudice, to the end that the complainant may resort to his action at law for any damages he may sustain if he is so advised. *Mitchell v. Dowell*, 105 U. S. 430, 26 L. ed. 1142; *Cecil Nat. Bank v. Thurber*, 59 Fed. 913, 914, 8 C. C. A. 365, 367; *Russell v. Clark*, 7 Cranch 69, 90, 3 L. ed. 271; *Hoover, Owens & Rentschler Co. v. John Feather-*

stone's Sons, 49 C. C. A. 229, 233, 11 Fed. 81, 85; *House v. Mullen*, 22 Wall. 42, 46, 22 L. ed. 838; *U. S. v. Pine River Logging & Improvement Co.* 87 Fed. 319, 325; 24 C. C. A. 101, 107; *Speer v. Board of County Commissioners*, 88 Fed. 749, 752, 32 C. C. A. 101, 105."

MAXWELL v. FEDERAL GOLD & COPPER CO.,
155 Fed. Rep. 110, C. C. A. Eighth Circuit.

The Circuit Court of Appeal, Eighth Circuit, speaking through Circuit Judge Sanborn, reversed a general judgment and stated (p. 112):

"The judgment of the Circuit Court, however, is a general judgment for the defendant. It is erroneous and must be reversed because it renders the issues in the action *res adjudicata*. The proper judgment is one of dismissal of the action for want of jurisdiction, or without prejudice. *Speer v. Board of County Commissioners*, 32 C. C. A. 101, 105, 88 Fed. 749, 753; *Indian Land & Trust Co. v. Shoenfelt*, 68 C. C. A. 196, 199, 135 Fed. 484, 487, and cases there cited."

HOUSE v. MULLEN, 89 U. S., 42, Bk. 22 L. ed., 838.

The Supreme Court of the United States, speaking through Mr. Justice Miller, relative to the dismissal of a bill for misjoinder of parties, stated:

"But when a bill is dismissed for misjoinder of parties, it settles nothing but that the suit can-

not progress in that condition; and if parties will not or cannot amend so as to remove that difficulty, the court will go no further, but will dismiss the bill. It does not and cannot, in the nature of things, conclude either party upon the merits of the matter in controversy, and the plaintiffs or any one of them should be at liberty to bring another bill, with proper parties, in regard to the subject matter of the first one."

MITCHELL v. DOWELL, 105 U. S. 430, 26 L. ed., 1142.

Supreme Court of the United States reversed the Circuit for the District of Arkansas where the Circuit Court sitting in equity considered both a mortgage and promissory notes. The Court found there was no mortgage, and after this finding rendered a decree upon notes which the invalid mortgage was intended to secure.

The Supreme Court, speaking through Mr. Justice Woods, stated:

"When this fact was established by the evidence, and found by the Court below its jurisdiction, sitting as a court in equity, to proceed any further in the cause was lost, and it was without authority to render a decree upon the notes which the invalid mortgage was intended to secure.

When the court found there was no mortgage, there was nothing left for it to act upon but the promissory notes, and on that cause of action there was a plain, adequate and complete remedy at law, and it should have dismissed the bill without prejudice to an action at law.

The rule is, that where a cause of action cog-

nizable at law is entered in equity on the ground of some equitable relief sought by the bill, which it turns out cannot, for defect of proof or other reason, be granted, the court is without jurisdiction to proceed further, and should dismiss the bill and remit the cause to a court of law."

Where appeals have been taken to the Supreme Court from judgments of the Court of Claims; and the Supreme Court found no implied contract (act of March 3, 1887), neither novelty of the patented invention nor identity therewith of the thing used by the United States appears to have been considered.

SHILLINGER v. UNITED STATES, 155 U. S. 162, Bk. 36 L. ed., 109.

Suit in the Court of Claims to recover damages for wrongful use of patented improvement in concrete pavements. The Supreme Court considered the findings and found no implied contract. Neither novelty of the patent in suit nor identity of the pavement constructed by the Government as compared to the claimant's patent were considered. The only question being considered as settled was that of jurisdiction.

RUSSELL v. UNITED STATES, 182 U. S. 516, Bk. 35 L. ed., 1210.

Suit brought in the Court of Claims under implied contract asserted to have arisen because of use of certain rifles, by the United States Government, which it was claimed included the invention of Russell.

The Supreme Court, speaking through Mr. Justice McKenna, affirmed the judgment of the Court of Claims on the ground that there was no implied contract, but did not consider either the question of novelty of claimant's patented invention or identity therewith of the rifles used by the Government.

HARLEY v. UNITED STATES, 198 U. S., 229, Bk. 49 L. ed., 1029.

The Supreme Court sustained the Court of Claims in dismissing a petition based on compensation for the use on printing presses by the United States of a patented counter or register.

The Supreme Court, speaking through Mr. Justice McKenna, considered the relationship of the parties to the suit and found that they were not sufficient to constitute an implied contract. The Court does not refer in the decision to either the question of novelty of claimant's patent or identity therewith of the device used by the Government.

BEACH v. UNITED STATES, 226 U. S. 243, Bk. 57 L. ed., 204, 205

The Supreme Court, speaking through Mr. Justice Pintney, considered the relationship of the parties relative to a patent for transmission of mail by pneumatic tubes and held that a case of contract had not been made out. The Court did not refer to either novelty of claimant's

patent or the identity therewith of the device used by the Government.

CROZIER v. FRIED, KRUPP AKTIENGESELLSCHAFT, 224 U. S. 290, Bk. 56 L. ed., 751.

Suit was commenced by defendant June 8, 1907, in the Supreme Court of the District of Columbia, charging infringement of United States patents by William Crozier, Ordnance Officer for the Army of the United States, engaged in the duty of making or causing to be made guns or gun carriages for the Army of the United States. The bill was demurred to on various grounds challenging the jurisdiction of the Court over the cause on the ground that the suit was really against the United States. The demurrer was sustained and the bill dismissed.

The Court of Appeals of the District of Columbia reversed the lower Court and remanded the cause for further proceeding.

On Writ of Certiorari the Supreme Court of the United States, reversed the Court of Appeals of the District of Columbia, with directions to that Court to affirm the decision of the Supreme Court of the District of Columbia, dismissing the bill without prejudice, however, to the right of defendant who was complainant below, to proceed in the Court of Claims in accordance with the provisions of the Act of June 25, 1910. (36 Stat. at L. chap. 423, p. 851.)

Referring to this Act of June 25, 1910, authorizing the owner of a patent to bring an infringement suit against the United States, and referring to the rule prior to this act that such suit could not be brought unless the proof established at least an implied contract, the Supreme

Court speaking through Mr. Chief Justice White stated (p. 304).

"Evidently inspired by the injustice of this rule as applied to rights of the character of those embraced by patents, because of the frequent possibility of their infringement by the act of officers under circumstances which would not justify the implication of a contract, the intention of the statute to create a remedy for this condition is illustrated by the declaration in the title that the statute was enacted 'to provide additional protection for owners of patents.' To secure this end, in comprehensive terms the statute provides that whenever an invention described in and covered by a patent of the United States 'shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the court of claims.' That is to say, it adds to the right to sue the United States in the court of claims already conferred when contract relations exist, the right to sue even although no element of contract is present. And to render the power thus conferred efficacious, the statute endows any owner of a patent with the right to establish contradictorily with the United States the truth of his belief that his rights have been, in whole or in part, appropriated by an officer of the United States, and if he does so establish such appropriation, that the United States shall be considered as having ratified the act of the officer, and be treated as responsible pecuniarily for the consequences."

It is respectfully urged that should it be decided there was no implied contract, in the present case such decision determines the question of jurisdiction of the Court of

Claims in the negative. As to the manufacture of the stamp books subsequent to the enactment of the law of June 25, 1910 (36 Stat. at L., Chap. 423, page 851), the Court of Claims has jurisdiction on the question of infringement. In view of this fact it is respectfully urged that unless the Court of Claims has jurisdiction on implied contract in the present case the question of novelty of appellant's patented invention and the identity of the stamp book manufactured by the government with this patented invention should not be decided in this present case. If implied contract is found to be lacking, then claimant urges that his petition be dismissed without prejudice.

NOVELTY OF CLAIMANT'S PATENTED INVENTION.

However, if the Supreme Court should find that there was an implied contract and that the Court of Claims did have jurisdiction then the question of novelty of appellant's device is a matter for consideration.

The Court of Claims found no novelty in appellant's device (Finding XI). It is urged that this is a question of law and not of fact, and the Supreme Court is respectfully requested to review this question.

UNITED STATES v. CLARK, 96 U. S. 37, 24 L. ed., 696.

The Supreme Court, speaking through Mr. Justice Miller, referring to the finding of an ultimate fact based upon other findings certified to the Supreme Court from the Court of Claims, stated:

"But we are of opinion that when that Court has presented, as part of their findings, what they show to be all the testimony on which they base

one of the essential, ultimate facts, which they have also found, and on which their judgment rests, we must, if that testimony is not competent evidence of that fact, reverse the judgment for that reason. For here is, in the very findings of the Court, made to support its judgment, the evidence that in law that judgment is wrong. And this not on the weight or balance of the testimony, nor on any partial view of whether a particular piece of testimony is admissible, but whether, upon the whole of the testimony as presented by the Court itself, there is any evidence to support its verdict; that is, its findings of the ultimate fact in question."

UNITED STATES v. PUGH, 99 U. S., 265, 25 L. Ed., 322.

The Supreme Court, speaking through Mr. Chief Justice Waite, on the question of an ultimate fact found by the Court of Claims where the ultimate fact presented the legal effect of the facts proved, stated:

"The inquiry thus presented is as to the legal effect of facts proved, not of the evidence given to make the proof; and the question of practice to be settled is, whether, under our rule, the judgment of the Court of Claims as to the legal effect of what may, perhaps not improperly, be called the ultimate circumstantial facts in a case, is final or conclusive, or whether it may be brought here for review on appeal."

* * *

"To avoid misapprehension in the future, we take this opportunity to say, that we not only think such a judgment may be reviewed here if

the question is properly presented, but that when the rights of the parties depend upon circumstantial facts alone, and there is doubt as to the legal effect of the facts, it is the duty of the Court, when requested, to so frame its findings as to put the doubtful question into the record."

The construction of a patent to determine its novelty in view of the prior art where the prior art devices are simple in character is a matter of law for the Court.

MARKET STREET CABLE R. CO. v. ROWLEY,
155 U. S., 621, 39 L. Ed., 284 (p. 625).

"The defendant put in evidence a number of patents prior in date to the plaintiff's, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms of art, or to apply the descriptions to the subject-matter, so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary facts to be passed upon by the jury."

Where the patent relates to highly complex subject matter the Court will consider expert testimony to explain the structure patented and the prior art structures. The legal question of novelty is the legal construction of the patent as to which the Court will direct the jury.

Singer Mfg. Co. vs. Cramer, 192 U. S., 265;
Bk. 48, L. ed., 437.

Market Street Cable R. Co., vs. Rowley, 155
U. S., 621; Bk. 39, L. ed., 284.

County of Fond Du Lac vs. May, 137 U. S.,
395; Bk. 34, L. ed., 714.

In construing a patent on the question of novelty the Supreme Court has in many cases reviewed the prior art to ascertain the advance over the art made by the patentee.

Clough v. Gilbert & Baker Mfg. Co., 106 U. S., 178, 27 L. Ed., 138,

The Barb Wire Fence Patent, 143 U. S., 275,
36 L. Ed., 154,

Seabury & Johnson v. Emde, 152 U. S., 561,
38 L. Ed., 553,

Potts v. Creager, 155 U. S., 597, 39 L. Ed.,
275,

Diamond Rubber Co. v. Consolidated Rubber
Tire Co., 220 U. S., 428, 55 L. Ed., 527.

In view of the foregoing decisions the Supreme Court in the present appeal is respectfully requested to consider the history of appellant's patent (Finding I) in relation to the prior art (Findings II).

The majority of these prior art patents, including patents to Cusson, Worthington, and others, disclose structures relating to the making of memorandum books and so forth, wherein the printed matter forms the leaves of the books and is collectively grouped on a printed sheet so that a plurality of the leaves may be superimposed and sewed or secured to a backing so that the books may be cut into individual booklets. In all these patents each printed page is grouped as a separate entity just as are

the pages of a newspaper as they leave the printing cylinder and before they are cut and folded.

The exhibits Western Union Stamp Books (Trans. of Rec., pages 32 and 35) do not disclose backings and merely disclose types of stamp sheets which are superimposed and subsequently formed into booklets.

It is believed that all of the prior art may be disposed of by the broad statement that none of the prior art devices disclose a stamp sheet provided with the stamps grouped in a plurality of series of parallel rows so that the parallel rows of stamps are separated by a plurality of longitudinal spaces sufficiently wide to provide for sewing or stapling, and wherein the transverse spaces between the stamps include only sufficient space for perforations. This broadly is the structure of the appellant's patented stamp sheet. This structure is claimed in combination with a complementary backing, as, for example, as set forth in claim 2, which is as follows:

"A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described."

It is to be noted that while the language of this claim is somewhat broad, that the Court of Claims found (Finding I) this claim 2 to have been allowed on the original filing of the application and to have passed out of the Patent Office as claim 2 of the patent in identically the form in which it originally came into the Patent Office, in the application. It is respectfully urged that the words "substantially as described" in this claim refer back to the specification and drawings for the description of the stamp sheet.

HOBBS v. BEACH, 180 U. S., 383, Bk. 45, L. ed., 586.

The Supreme Court, speaking through Mr. Justice Brown, reviews the authorities on the question as to the effect of the words "substantially as described" when set forth in the claims, and the Court said (p. 399):

"In the case of a pioneer patent like this (and while the patent is not a great one, we are not speaking too highly of it in calling it a pioneer in its limited field), there would be no difficulty in holding that these differences were immaterial, were it not for the fact that each one of the claims is limited by the words 'substantially as described.' In other words, that unless the infringing device contains mechanism substantially such as is described in the patentee's specification, and shown in his drawings, there can be no infringement. It was upon this point, and upon this alone, that there appears to have been any difference of opinion between the Circuit Court and the Court of Appeals. While the words 'substantially as described or set forth' are not absolutely meaningless, they do not limit the patentee to the exact mechanism described in his specification, or prevent recovery against infringers who have adapted mechanical equivalents for such mechanism."

* * * * *

(P. 400). "Without determining what particular meaning, if any, should be given to these words, we are of opinion, that they are not to be construed as limiting the patentee to the exact mechanism described; but that he is still entitled to the benefit of the doctrine of equivalents."

*Where in the patent the statement
"substantially"*

as described" is made, it ^{reflects} is the stamp sheet disclosed in appellant's exhibit Stamp Sheet (page 39, Transcript of Record), as the preferred form, and also this specific stamp sheet with the wide central space omitted, since the Farnham patent states (Page 5, Trans. of Rec.):

"The flaps on the outside and on the inside of the cover F may be dispensed with, if desired, *in which case the wide space h in the middle of the sheet of stamps and the flap P' need not be provided.*" (Italics mine.)

It is respectfully urged that the combination of a stamp sheet of this character, namely, a plurality of rows of parallel stamps separated by relatively wide longitudinal spaces between the rows and divided only by narrow transverse spaces for the purpose of perforation, is new, and that *a fortiori* the combination of this sheet with a complementally printed back stitched or stapled thereto, as set forth in claim 2 of the patent, was novel and useful at the date when appellant's patent was applied for.

* * * * *

A patent is *prima facie* evidence of novelty and utility of the invention patented.

CORNING v. BURDEN, 15 How., 252, Bk. 14, L. ed., 683.

The Supreme Court, speaking through Mr. Justice Greer and referring to the critical examination which an application undergoes in the Patent Office whereby the scope of the invention is determined, stated:

"It is evident that a patent, thus issued after an inquisition or examination, made by skillful and sworn public officers, appointed for the purpose of protecting the public against false claims or useless inventions, is entitled to much more respect, as evidence of novelty and utility, than those formerly issued without any such investigation. Consequently such a patent may be, and generally is, received as *prima facie* evidence of the truth of the facts asserted in it."

The fact that no single prior art patent or device set up by the defendant in this case discloses the feature of novelty of appellant's patent as above set forth, it is urged that the defendant has not sustained the burden of proof, which is upon the defendant when defense of lack of novelty and utility is raised.

CANTRELL v. WALLICK, 117 U. S., 689, Bk. 29, L. ed., 1017.

The Supreme Court of the United States, speaking through Mr. Justice Wood, stated:

"The burden of proof is upon the defendants to establish this defense. For the grant of letters patent, is *prima facie* evidence that the patentee is the first inventor of the device described in the letters patent and of its novelty. *Smith v. Good-year Dental Vulcanite Co.*, 93 U. S., 486 (Bk. 23, L. ed., 952); *Lehnbeuter v. Holthaus*, 105 U. S., 94 (Bk. 26, L. ed., 939). Not only is the burden of proof to make good this defense upon the party setting it up, but it has been held that 'every reasonable doubt should be resolved against him.' *Coffin v. Ogden*, 18 Wall., 120, 124 (85 U. S., Bk. 21, L. ed., 821, 823)."

On the question of novelty and utility of the Farnham Stamp Holder patent in suit, it is respectfully urged that the language of the Supreme Court, speaking through Mr. Justice McKenna, in *DIAMOND RUBBER TIRE CO. v. CONSOLIDATED RUBBER TIRE CO.*, *et al.*, 229 U. S., 428, 55 L. ed., 527, is directly in point. The Grant tire patent in that suit had been attacked as not possessing novelty in view of the prior art, and on this point the Court stated (p. 434) :

"It possesses such amount of change from the prior art as to have received the approval of the Patent Office, and is entitled to the presumption of invention which attaches to a patent. Its simplicity should not blind us as to its character. Many things, and the Patent Law abounds in illustrations, seem obvious after they have been done, and, 'in the light of the accomplished result,' it is often a matter of wonder how they so long 'eluded the search of the discoverer and set at defiance the speculations of inventive genius.' (Pearl v. Ocean Mills, *et al.*, C. D., 1877, 133; 11 O. G., 2; 2 Bann. & A., 469; Fed. Cas., 10,876.) Knowledge after the event is always easy, and problems once solved present no difficulties, indeed, may be represented as never having had any, and expert witnesses may be brought forward to show that the new thing which seemed to have eluded the search of the world was always ready at hand and easy to be seen by a merely skilful attention. But the law has other tests of the invention than subtle conjectures of what might have been seen and yet was not. It regards a change as evidence of novelty, the acceptance and utility of change as a further evidence, even as demonstration."

It is respectfully contended, in view of the above cited decisions and the comparison of the invention patented

in appellant's patent with the prior art, that the Court of Claims erred in holding appellant's patent not to possess novelty and utility.

IDENTITY.

It is respectfully urged that the Court of Claims having held it had no jurisdiction because of lack of implied contract, then the question of identity of the stamp book manufactured by the Government with the invention patented in appellant's patent, is also a mooted question.

However, if the Supreme Court should find that there was implied contract and that the Court of Claims did have jurisdiction, then the question of identity is a matter for consideration.

The Court of Claims found that by reason of non-use by the defendants of certain material elements included in appellant's specifications, for which patent was granted, and because of prior art, that said patent did not possess novelty or utility, and the use by defendants of the stamp book made by them did not make them liable to appellant in this action for damages (Finding XI):

It is respectfully urged that identity is a question of law and the Supreme Court is respectfully requested to review this question. The following decisions previously cited are relied upon in making this request:

United States v. Clark, 96 U. S., 37, Bk. 24, L. ed., 696.

United States v. Pugh, 99 U. S., 265, 25 L. ed., 232, 322

Market St. Cable R. Co. v. Rowley, 155 U. S., 621, 39 L. ed., 284.

The Court of Claims states in its decision (p. 28):

"For the reasons given we decide:

(1) That there is no implied contract; (2) That defendants did not use plaintiff's invention for which he received a patent; and (3) That plaintiff, therefore, had no property right therein."

Appellant's patent contemplates a sheet of stamps provided with longitudinally extended unprinted spaces, to divide the stamps into parallel groups or rows of stamps. The stamps are spaced transversely sufficiently to admit of perforations between the individual stamps. A stamp book is made up by superimposing the special sheets in alteration with paraffin sheets and a backing or cover which is printed in complementary relation to the rows of stamps so that the backs when stitched to the stamp sheets may be cut into individual booklets each of which contains a predetermined number of stamps. The gist of the invention resides particularly in the arrangement of the parallel rows of stamps with the unprinted spaces which form areas to receive staples and constitute the hinges of the finished book. The preferred form of stamp sheet illustrated and described in appellant's patent is provided with a wide unprinted space in the center of the sheet to permit the backing to be cut with flaps, however, the patentee states (middle of p. 5, Trans. of Rec.):

"The flaps on the outside and on the inside of the cover F may be dispensed with, if desired, in which case the wide space h in the middle of the stamp sheets and the flaps I" need not be provided."

Claim 2 of the patent is shown by the history of this patent while an application in the Patent Office (Finding of Fact No. I, pages 15 and 16) never to have been rejected by the Patent Office, and it is urged that this claim

is the epitome of appellant's invention. This claim is as follows:

"A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described."

The words "substantially as described" refer back to the specification and at the same time do not limit the patentee to identically the construction shown, leave the claim to include equivalents. For this statement of law appellant relies upon the decision of *HOBBS v. BEACH*, 180 U. S., 383, Bk. 45, L. ed., 568.

The Government in its manufacture of stamp books uses sheets of stamps provided with longitudinally extending unprinted spaces to divide the stamps into parallel groups of rows of stamps. The stamps are spaced transversely sufficiently to admit of perforations between the individual stamps. In the manufacture of the stamp books, these special sheets are arranged with a backing or cover which is printed in complemental relation to the rows of stamps. The Government in its manufacture cuts the stamp sheet and the cover sheet separately into strips lengthwise of the sheet and after the sheets are assembled with intervening paraffin paper, the sheets are glued, then the strips are stitched, the stitches passing through the longitudinally extending unprinted spaces, after which the strips are cut into individual books. It is respectfully contended that the key to the successful manufacture of stamp books resides in the arrangement of the stamps on the stamp sheet in parallel rows with unprinted spaces which form areas to receive the staples and which spaces constitute the hinges for the printed book.

The arrangement of the stamps of both appellant's pat-

ent and the stamp sheet of the Government in groups of parallel rows of stamps separated by longitudinally extending spaces provides a minimum loss of paper and permits maximum efficiency in the use of spaces which is important both for the reason of saving paper and for saving of space on the plate for which the stamps are printed.

There are three principal features to appellant's invention and it is urged that the Government is using these three principal features:

1st. A stamp sheet provided with longitudinally grouped rows of stamps separated by unprinted spaces; 2d. A cover form printed in complementary relation to the arrangement of the stamps, permitting the sewing or stapling of a plurality of attached stamp books; 3d. The formation of individual finished product units by cutting the prearranged and pre-stitched specially provided covers and stamp sheets.

To further point out the identity existing between appellant's patent and the construction used by the Government the claim 2 will be paralleled with reference to the Government's stamp book:

CLAIM 2.

GOVERNMENT'S STAMP BOOK.

"1. A stamp sheet
(a) having unprinted
spaces in the
body thereof,
and

1. A stamp sheet
(a) having unprinted
spaces in the
body thereof
(Exhibit Govern-
ment Stamp
Sheet, p. 38,
Record).

2. a backing cover for said
sheet

2. A backing cover for
said sheet

(a) adapted to be divided into sections to form books

3. substantially as described."

Namely, a stamp sheet having rows of stamps arranged parallel and separated by unprinted spaces together with a backing cover printed in complementary relation to the stamp sheet so as to be subdivided into individual booklets with the printing in each backing cover assembled directly over a predetermined number of stamp leaves wherein the backing and the leaves are stitched together with the stitches passing through the unprinted spaces referred to.

(Finding IX, top of p. 20, Record).

(a) the backing is divided into sections to form books (Finding IX, top of p. 20, Record).

3. Substantial description of construction used by the Government.

The Government uses stamp sheets having rows of stamps arranged parallel and separated by unprinted spaces (Exhibit Stamp Sheet used by Government, p. 38) together with a backing cover printed in complementary relation to the stamp sheet (Finding IX, p. 20), to be divided into individual booklets with the printing on each backing cover assembled directly over a predetermined number of stamp leaves wherein the backing and the leaves are stitched together with stitches passing through the unprinted spaces referred to. (Finding IX, Exhibit Gov't. Stamp Book, p. 34.)

The differences apparently between the stamp book manufactured by the Government and the contemplated manufacture by the appellant is that in the Government's manufacture of stamp books the stamp sheets

and covers are cut into longitudinal strips before assembling, and are slightly glued on the edges after assembling, whereas in appellant's patent the stamp sheets and backs are assembled, then stitched and then cut into separate booklets. The difference referred to is but the carrying out of the invention or steps in the production of the device invented. The manner and process of making the thing must necessarily be set out in the specification of patent (Rev. Stat., Title LX, Sec. 4888). It is, therefore, urged that the variations between appellant's patent and the method used by the Government is in the carrying out of the invention. As to the thing patented, however, as above pointed out, it is urged there is identity.

A great number of cases might be cited on the law relative to the question of identity, but the following case is believed to be so squarely in point and so fully reviews the law that only this one case is cited.

UNITED STATES v. SOCIETE ANONYME, etc.,

224 U. S., 309, Bk. 56, L. ed., 778 (*supra*).

The Supreme Court of the United States affirmed the Court of Claims in an award to the claimant for use of a patented system of backing to form a gas seal in the breach blocks of cannons manufactured by the Government.

The specific thing referred to in the patent in that case was a gas check formed of tallow and asbestos backed by brass rings. The Government used steel rings. It was contended on behalf of the Government that there was lack of identity between the device used by the Government and the device disclosed in the patent.

The Supreme Court, speaking through Mr. Justice McKenna, stated (p. 323):

"But it is contended that the claim of the patent is for a specific combination of elements, and that that combination of elements is not used by the Government.

This contention is based upon what is considered to be the proper construction of claim 1 of the patent, a strict construction being urged of it,—indeed, as we understand the argument, the claim must be confined to the specific forms of its elements, giving the widest latitude to imitation.

The patentee answers the contention. Describing his invention, De Bange calls it 'certain new and useful improvements in breech-loading guns.' "

* * * * *

(P. 328). "We have seen De Bange describe what he conceived to be the best form of his invention, and contemplated that it could be represented in other forms and proportions. This, however, was unnecessary, for the law would secure him against imitation by other forms and proportions. *Winans v. Denmead*, 15 How., 330, 14 L. ed., 717; *Hotchkiss v. Greenwood*, 11 How., 248, 265, 13 L. ed., 682, 683; *Western Elec. Co. v. La Rue*, 139 U. S., 601, 608; 35 L. Ed., 294, 297; 11 Sup. Ct. Rep., 670."

In conclusion, it is respectfully urged that in the manufacture of stamp books the United States Government is using the device patented in appellant's patent, since upon comparison there is identity of structure, identity of function and identity of result.

CONCLUSION.

In final conclusion, it is urged that if no implied con-

tract is found in law to exist then the Court of Claims was without jurisdiction as to the subject matter of this controversy, and appellant respectfully urges that his petition should have been dismissed without prejudice to permit him to bring suit for such period as is covered by the Act of June 25, 1910 (36 Stat. at L., Chap. 423, p. 851).

It is respectfully urged that if on consideration of the relationship of the parties as shown by the findings, it should be found in law that there was an implied contract then in view of the prior art and the history of appellant's patent it discloses and covers a novel and useful invention.

That if implied contract is found it is respectfully urged that the Government in manufacturing stamp books is using appellant's patented invention, which cannot be appropriated or used by the Government itself without compensation any more than it can appropriate or use, without compensation, land which has been patented to a private purchaser.

Respectfully submitted,

HOSEA B. MOULTON,

GEORGE W. RAMSEY,

Attorneys for Appellant.



Office Supreme Court, U. S.

FILED

FEB 28 1916

JAMES D. MAHER

CLERK

No. 107.

In the Supreme Court of the United States.

OCTOBER TERM, 1915.

FRANK G. FARNHAM, APPELLANT,

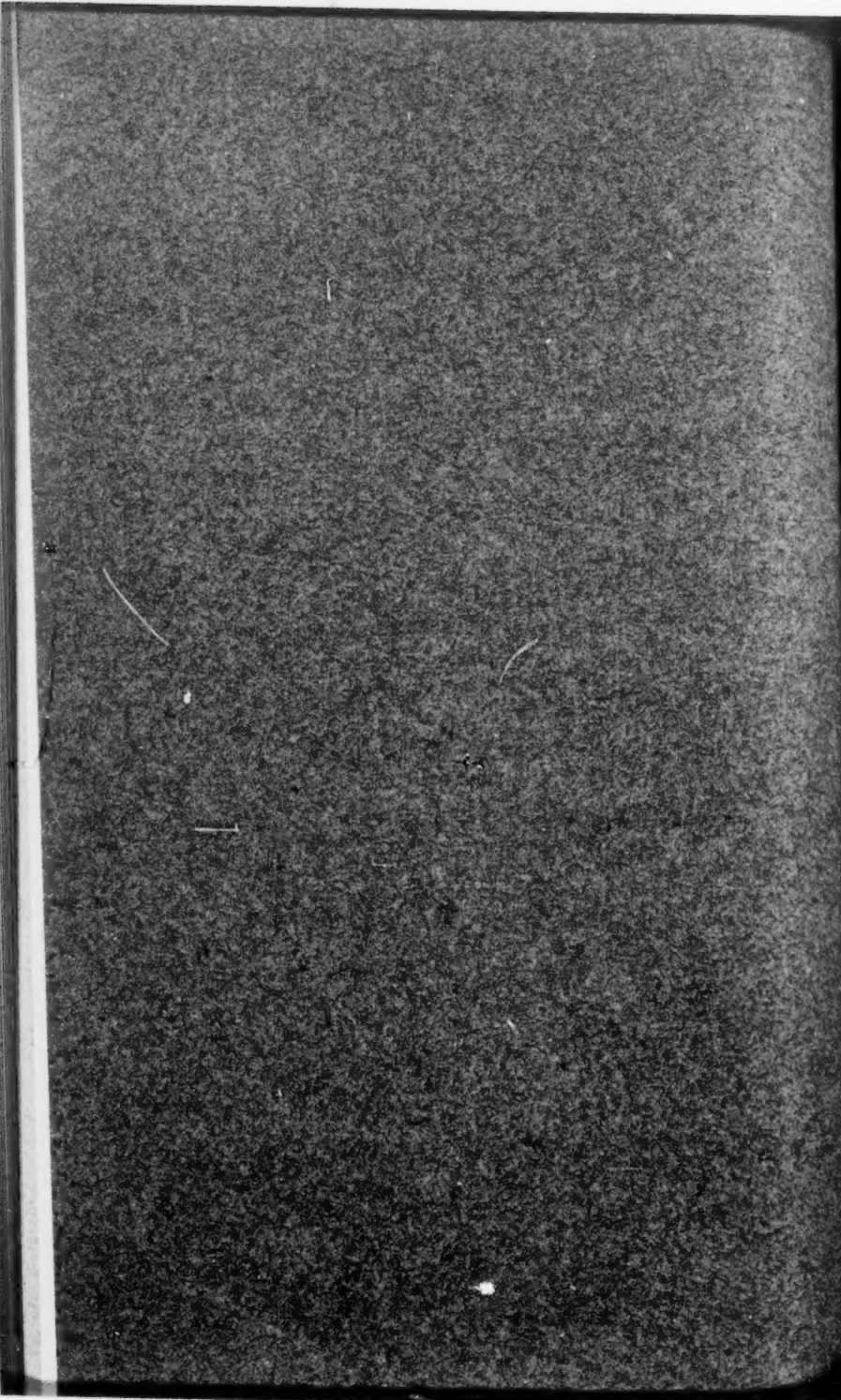
v.

THE UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

BRIEF FOR THE UNITED STATES.

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1916



In the Supreme Court of the United States.

OCTOBER TERM, 1915.

| | | |
|------------------------------|---|----------|
| FRANK G. FARNHAM, APPELLANT, | } | No. 107. |
| v. | | |
| THE UNITED STATES. | | |

APPEAL FROM THE COURT OF CLAIMS.

BRIEF FOR THE UNITED STATES.

STATEMENT.

This is an appeal from a judgment of the Court of Claims dismissing the petition wherein appellant, Frank G. Farnham, sought to recover the sum of \$1,000,417.56 as royalties accruing from the alleged use by the Government from April 16, 1900, to June 30, 1910, of his device for a "stamp holder," for which Letters Patent No. 596,656 were granted to him on January 4, 1898, and expired on January 4, 1915. The royalties claimed are profits from the sales by the Government of the familiar pocket stamp book.

Shortly after May 4, 1898, through Senator Penrose, two models of appellant's proposed stamp book, together with a printed pamphlet explanatory of the

device covered by his said patent and of the proposed method and estimates of cost of manufacturing such stamp books, were referred to the Third Assistant Postmaster General, accompanied by the letter addressed to Senator Penrose by appellant suggesting the adoption by the United States Post Office Department of the handling and selling of stamps by means of such books. (Finding III, Rec. 18.)

On June 17, 1898, the Third Assistant Postmaster General wrote appellant as follows:

The two books submitted with your letter, containing in all 36 two-cent stamps, are herewith returned. The department does not deem it expedient to sell stamps in this way. The same proposition, it may interest you to be informed, has been many times made by other persons. (Finding IV, Rec. 18.)

In response to this letter appellant wrote the Third Assistant Postmaster General, that his previous letter did not fully show the invention, and he requested "a personal interview with Mr. Merritt in regard to the matter." (Finding V, Rec. 18.) The Acting Third Assistant Postmaster General replied that appellant's plan was thoroughly understood, but that "the department does not wish to adopt it." (Finding VI, Rec. 18.)

On June 17, 1899, another letter in reply to a communication from a representative of appellant informed him that "the department deemed it inexpedient to sell postage stamps in the way proposed." (Finding VII, Rec., 19.)

Shortly after July 1, 1899, the then Third Assistant Postmaster General Madden designed (Finding VIII, Rec. 19) "of his own accord and without actual knowledge of the existence of the Farnham patent or any correspondence with the department relative thereto, the stamp book now used by the department," and the Bureau of Printing and Engraving evolved methods for the manufacture of the same. The Post Office Department announced that it would commence the public sale of 2-cent stamps in book form. It was then that Mr. Madden learned for the first time that certain persons claimed to have letters patent covering the proposed stamp book. Thereupon, in conjunction with the Assistant Attorney General, he examined the Farnham Letters Patent No. 596656 and all correspondence in the files of the department relative thereto, and the Assistant Attorney General, after this examination and also a careful examination of all claims and letters patent, advised him "that the stamp book to be issued was not covered by any previous letters patent" and that he should "proceed with the public sale as contemplated."

Mr. Madden claimed from the beginning that the invention of the stamp book issued by the department was his own idea, independent of and in no wise covered by Letters Patent No. 596656, issued to Farnham. On March 17, 1900, he "addressed a letter to the attorney for Mr. Farnham, expressly stating that the stamp books to be issued by the department in no wise infringed the book covered by letters patent to Mr. Farnham."

Appellant's position is that the Government became bound under an implied contract to respond to him for all net royalties accruing from the sale and manufacture of stamp books for the period named. He further asserts that the court is limited to the question of considering only the subject of an implied contract, and the Court of Claims, having decided that there was no implied contract, could not consider the prior state of the art or any other defenses.

Appellee maintains that there was no implied contract; further, that appellant's patent was invalid, and that the Government did not use the same.

BRIEF OF ARGUMENT.

First. There was no implied contract.

Second. The Government did not use the device for which appellant had received a patent.

Third. The patent lacked novelty and invention.

I.

There was no implied contract.

The findings of fact show conclusively that there was no implied contract on the part of the Government to use or pay for the use of appellant's patented stamp holder.

By letter of June 17, 1898, the Third Assistant Postmaster General informed appellant that the department did not "deem it expedient" to sell stamps in the way which he had suggested, and stated further that "the same proposition * * * has

been many times made by other persons." (Finding IV, Rec. 18.)

Again, on July 16, the Acting Third Assistant Postmaster General wrote appellant that the department did not wish to adopt his method. (Finding VI, Rec. 18.)

Finally, on March 17, 1900 (Finding VIII, Rec. 19), the Third Assistant Postmaster General, after having made a thorough examination of all previous letters patent, including appellant's, and also all correspondence on file in the department relative to appellant's patent, and being advised in the premises by the Assistant Attorney General for the department, wrote to appellant's attorney "expressly stating that the stamp books to be issued by the department in no wise infringed the book covered by letters patent to Mr. Farnham."

These findings negative the possibility of a meeting of the minds. This court has repeatedly held that in the absence of mutuality there can be no implied contract on the part of the Government to pay for the use of a patented article.

In *Russell v. United States* (182 U. S. 516-530), Mr. Justice McKenna, delivering the opinion of the court, said:

This court has held that under the act of March 3, 1887 (24 Stat. 505, c. 359), defining claims of which the Court of Claims had jurisdiction, the court had no jurisdiction of demands against the United States founded on torts. (*Schillinger v. United States*, 155 U. S. 163; *United States v. Berdan Fire Arms Co.*,

156 U. S. 552.) In other words, to give the Court of Claims jurisdiction, the demand sued on must be founded on a convention between the parties—"a coming together of minds." (See *Beach v. United States*, 226 U. S. 243-260.)

The language of this court in *Schillinger v. United States* (155 U. S. 169) is most apposite, wherein it is said that:

The successive allegations place the parties in continued antagonism to each other, and there is no statement tending to show a coming together of minds in respect to anything.

From the foregoing decisions it is apparent that the Court of Claims could not have jurisdiction because of the failure to show an implied contract.

It will be noted that appellant claims royalties up to June 30, 1910. The act of June 25, 1910 (36 Stat. 851, c. 423), giving the court jurisdiction when a patented invention is used without permission of the owner, had been approved five days previous to the end of the time for which claim for use is here made.

If it should be held that there was not an implied contract, there is still the question of the tortious use by Government officials subsequent to June 25, 1910. It is maintained, however, that the Government never used appellant's patented stamp holder, but a device of its own, and, furthermore, that, owing to the prior state of the art, appellant's patent is not valid.

Moreover, as only an implied contract is involved, appellee may set up the invalidity of the patent. (*Curved El. Plate Co. v. United States*, 50 C. Cls., 258, 265, citing *Société Cail v. United States*, 224 U. S., 309.)

II.

The Government did not use the device for which appellant had received a patent.

Claims 1 and 2 only of the patent were declared upon below, the two remaining claims not having been considered. (Rec. 28.)

Claim 1 originally was as follows (Rec., 15):

1. A stamp sheet having unprinted spaces at intervals in the body thereof, substantially as described.

When finally amended August 11, 1896 (Rec. 16), it read:

1. A stamp sheet having one series of narrow unprinted spaces in the body thereof, a second series of spaces wider than the first, along which said sheet is adapted to be stitched, a third series of spaces wider than the first and second series extending around the edges and centrally of said sheet, substantially as described.

The stamp sheet which is subsequently cut into smaller groups of stamps and contained within the appellant's stamp holder is here illustrated. The sheet contains stamps sufficient for 32 books of 12 stamps each. Black dotted lines have been drawn separating the stamps for the first four books, and

the stamps, for example, in the first, second, third, and fourth books are thus grouped and numbered in green pencil 1, 2, 3, 4.

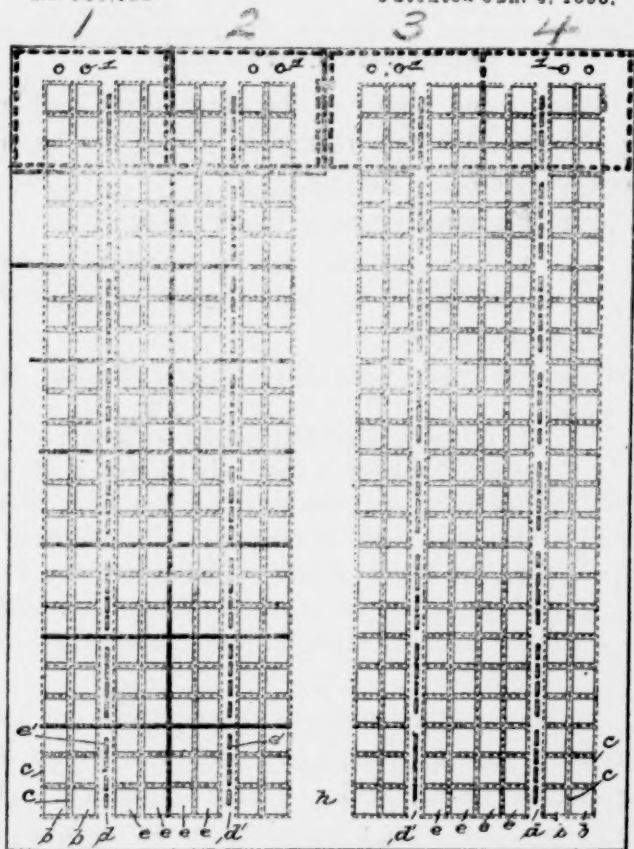
(No Model.)

3 Sheets—Sheet 2

F. G. FARNHAM.
STAMP HOLDER.

No 596,656

Patented Jan. 4, 1908.



Attest
J. L. Marshall
C. J. Madison

Fig. 2. Inventor
Frank G. Farnham
By Wm. Spru
Atty

The amendment to claim 1 which finally rendered the application allowable by the Patent Office is as follows:

* * * A third series of spaces wider than the first and second series extending around the edges and centrally of said sheet
* * *.

But in his specification appellant says (Rec. 5):

Then follow two more rows of stamps, which reach to an unprinted space h in the middle of the sheet, which is about $1\frac{1}{2}$ inches wide, the purpose of which will be hereinafter explained.

Further down on the page, in describing the covers of the stamp book, this unprinted space in the middle of the stamp sheet is explained as follows (Rec. 5):

The cover is scored or indented longitudinally at proper intervals to facilitate binding into book form. Flaps P' are provided at the sides corresponding to the side margins on the sheet of stamps and also on the cover of the inside books corresponding to the unprinted space h in the middle of the sheet of stamps, so that when the book is subdivided the flaps will fold over and cover the edges of the book, as shown in figures 3 and 4. *The flaps on the outside and on the inside of the cover F may be dispensed with, if desired, in which case the wide space h in the middle of the sheet of stamps and the flap P' need not be provided.* [Italics ours.]

If the middle space was not essential to claim 1, then his application reverts back to his claim as amended July 18, 1896, as to which the examiner

said (Rec. 16) that it was "thought to relate to nothing of patentable novelty, differing from the ordinary structure of stamp sheets with their black margins only in a matter of degree." Evidently, then, his claim for the middle wide space on the stamp sheet was used as an expedient to secure the patent. As he based his claim upon a combination of elements including the middle space, the omission of this one element would be fatal, for he can not show his invention to be broader or narrower by construction.

Derby v. Thompson, 146 U. S. 476.

Wright v. Yuengling, 155 U. S. 47.

McClain v. Ortmyer, 141 U. S. 419-425.

Water Meter Co. v. Desper, 101 U. S. 332.

It should be noted that the Government's stamp sheet does not have the wider central space.

This brings us to claim 2 (Rec. 15):

2. A stamp sheet having unprinted spaces at intervals in the body thereof and a backing cover for said sheet adapted to be divided into sections to form books, substantially as described.

Appellant says (brief, 37, 38):

Claim 2 of the patent is shown by the history of this patent while an application in the Patent Office (Finding of Fact No. 1, pp. 15, 16) never to have been rejected by the Patent Office, and it is urged that this claim is the epitome of appellant's invention.

Figs. 1 and 6 of the patent showing, respectively, a cover sheet and a stamp book, are reproduced here:

(No Model.)

3 Sheets—Sheet 1.

P. G. FARNHAM.
STAMP HOLDER.

No. 596,656.

Patented Jan. 4, 1898.

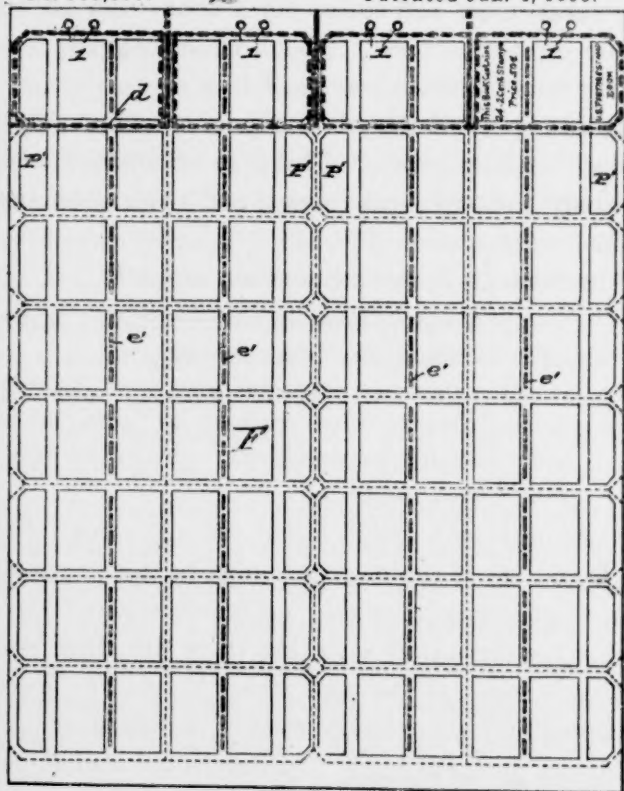


Fig. 1.

Inventor

Frank G. Farnham
by Eli Spear
1898Attest Fig. 3.
F. L. Moulton
C. S. Madden

On the stamp cover or holder here set forth the parts necessary for the cover of a completed book have been indicated by surrounding the same with black dotted lines. On the first row running across the sheet there are covers for 4 books and on the entire sheet 32 covers. A book when folded appears in Fig. 6 below the cover sheet.

It is to be noted that claim 2 is for a "stamp sheet" and a "backing cover." This does not make a book, but only a stamp sheet (uncut) and cover sheet (uncut).

The elements or features of the claim are:

- (1) A stamp-sheet having unprinted spaces at intervals in the body thereof, and
- (2) a backing cover *for said sheet*, adapted to be divided into sections to form books, substantially as described. (See also appellant's brief, p. 39.)

Turning to the specification and drawings (brief, pp. 8 and 17) of the patent as must be done to ascertain what is meant by the "unprinted spaces" specified in the claim it is seen that there are three such spaces referred to (see also claim 1) viz, (1) spaces occupied by the "ordinary rows of perforations, c, c" (l. 41-42, p. 1 Pat.); (2) "an unprinted and imperforate space *d* (or *d'*) running lengthwise of the sheet and about five-sixteenths of an inch wide," (l. 43-45 and 48, loc. cit.) and (3) "unprinted space *h* in the middle of the sheet" (l. 50, loc. cit.). This wide central space *h* is to provide for the flap *P'* of the cover, see Figs. 3 and 4 (l. 70-77, loc. cit.). This

space h, may, however, it is said, not be provided, as the flap may be dispensed with though it is "preferred." (L. 77-83.) It is apparently this flapless form of book that appellant considers the Government has used; and there are in fact no flaps on the Government's books.

But if space h is thus dispensed with, there is no information as to what takes its place—whether a perforated space c or a wider space d or d'. It may be conjectured that only the perforated spaces c would take the place of the wide central flap space h, because the books are stitched and folded along the spaces d. Otherwise, this central space would be retained and require trimming off somehow, though in what manner is not explained.

There is nothing in claim 2 to indicate what the "unprinted spaces" specified are—whether c, d, d', or h. If the spaces c are meant, then every stamp sheet ever made had such unprinted spaces between the stamps along which they were severed as desired.

If spaces d are meant, then the Government *does* not use them in its stamp sheets, for these are *folding* and stitching spaces, and the Government *does not make its books by folding*. It is true there are "unprinted spaces" (running horizontally) "at intervals in the body" of the Government's sheet (No. 38, Rec.), but these are cutting or severing spaces, and provide margins on the cut sections, and are used for binding stitches.

As the spaces claimed are not identified and can not be identified from the specification, reference may

be had to other claims to assist in identifying the said spaces. But if this be done the situation is no better, because claim 1 specifies three spaces and claim 3 specifies two spaces.

The language of a claim "must be sufficiently intelligible to mark the boundaries of the monopoly." (*Faultless Rubber Co. v. Star Rubber Co.*, 202 Fed. Rep. 927, 930, C. C. A.; *Evans v. Eaton*, 5 U. S. 283; 7 Wh. 356.)

Claim 2 is thus too vague and indefinite to determine infringement. The court below so found. (Rec. p. 27.)

If we consider the second element, the "backing cover," this also is indefinite. It is specified merely as "adapted to be divided into sections to form books." But any backing cover is "adapted to be divided into sections." This is merely a "backing" cover for the stamp sheet and is folded. The Government does not have the backing cover of the patent. It uses two separate covers, one for front and one for the back of each book. It does not simply back the stamp sheet.

The Government maintains, therefore, that it does not infringe, even assuming claim 2 may be construed so as to be valid.

Appellant evidently overlooked the fact that paper is sensitive to moisture, and that different sheets of the same paper, and even different spaces on the same sheet, vary in contracting and expanding. As is well known, stamps are coated with an adhesive, soluble glue, and sheets thus coated expand and con-

tract materially in accordance with atmospheric conditions of moisture. The cover sheet is of different quality and weight of paper from the stamp sheets, and does not contract and expand uniformly with the latter. It is not possible therefore to register the numerous lines *c c'* and *d d'* of appellant's stamp sheet with the numerous lines *d* and *e'* of the cover, figure 1, throughout the large sheets. This makes it impracticable, and indeed impossible, to superimpose one upon another the large sheets of stamps and backing, to be stitched together at intervals and later cut into small sections or books, without mutilating the stamps.

In Finding IX (Rec. 20) it is said that:

Some time after this process [Government's process] had been in use the stamp sheet was reduced to one-half its ordinary size, due to contraction and expansion of the large sheet caused by its being dampened in printing.

Mr. Justice Atkinson (Rec. p. 23) in his opinion says:

There is some question as to the practicability of the invention, due to the contraction and expansion of the stamp sheet as manufactured by the United States. (Italics ours.)

It is seen from Finding IX, describing the method for making stamp books, that the Government cuts the large stamp sheets into strips having two rows of stamps each. The strips of stamps are sorted and matched with each other, and the cover strips which have been cut in the same proportions are matched with the stamp sheets. This gives a perfectly fitting

combination of stamp and cover strips, which are later subdivided into small books.

On the other hand, appellant's plan is to take a large sheet of stamps and place other sheets upon this, then superimpose the backing or cover, stitching this combination at intervals and later cutting it into smaller units. It has been shown that this method is impracticable.

Judge Atkinson in his opinion says further (Rec. 23):

This invention the defendants did not use; they never at any time used a stamp sheet designed in accord with plaintiff's claim therefor; they at no time employed the folding process in attaching their covers, and otherwise omitted, as shown by the findings, at least one margin of unprinted space in the stamp sheet itself. It was held in the case of *Singer Mfg. Co. v. Cramer* (192 U. S. 265), [syllabus] "where the patent is not a primary patent and there is no substantial identity in the character of two devices except as the combination produces the same effect, and there are substantial and not merely colorable differences between them, there is no infringement of the earlier patent."

III.

The patent lacked novelty and invention.

The patent is invalid on its face for want of invention. The patentee has merely employed well-known practice or expedients of binding sheets together and subdividing them into smaller units. The

court may take judicial notice that this is not inventively different from the process of making pamphlets, magazines, tickets, coupons, and the like, which are printed in large sheets, two or more pages, tickets, etc., on a sheet with unprinted spaces intervening between the printed pages. (*Brown v. Piper*, 91 U. S. 37.) Backing covers are provided and stitched to the printed sheets. The large multiple page sheets are cut into units and folded to produce a pamphlet.

There is no material or inventive difference between this and what the patent describes. The latter can not derive novelty and invention from the fact that printed stamps or pictures are the designs in one case and text in the other. Appellant was not the first to propose a stamp book. (See Cooke patent 306674, Finding II.)

But however that may be, the cited prior art amply shows anticipation of the supposed invention of appellant. The Western Union stamp sheet (Rec. No. 33 and No. 35, and Finding II) shows a stamp sheet with the unprinted spaces for cutting and binding, and the subdivided unit or book, respectively; and placed in a case or cover. (Rec. 26.)

The Cussons patent 414500 (Rec. No. 36 and Finding II) clearly anticipates the supposed invention, as it has the "stamp" or design sheet with the "unprinted spaces at intervals in the body thereof" (fig. 1) and the backing cover (fig. 3) adapted to be divided into sections to form books, as specified in the claims.

The only objection appellant notes to these and other instances of the prior art seems to be that each page is a "separate entity" (p. 30, App. brief) or is printed matter forming leaves of the books. But the printed design is immaterial—whether the picture or portrait of a statesman accompanied with text and figures (as in a stamp) or the words and figures of a book page with or without a picture. The character of the design can not impart invention to the making of a book.

There are other instances of the prior art appearing in Finding II which show lack of novelty and invention.

Further, as already shown, the patent in suit is void for want of utility or operativeness. It is not only necessary that a patent should show a book made as described, but it must teach the public how to make the book. If the way of making the book described is not operative his patent is invalid. (Sec. 4888, R. S.)

CONCLUSION.

It is respectfully submitted that the decision of the lower court should be sustained.

HUSTON THOMPSON,
Assistant Attorney General.



FARNHAM *v.* UNITED STATES.

APPEAL FROM THE COURT OF CLAIMS.

No. 107. Argued March 2, 1916.—Decided April 3, 1916.

Where the officers of the United States charged with the matter have refused the offer of a patentee for the use of his invention, and have declined to use it, and, proceeding independently, make and use articles designed by themselves, which the patentee claims embody his invention, there is no implied contract on the part of the Government to pay for the use of the invention; in the absence of such contract the Court of Claims could not take cognizance of the claim of an inventor for infringement of his patent prior to the passage of the act of June 25, 1910.

While the petitions in this case must be dismissed because the claims are based on an implied contract which has not been proved, the judgment of dismissal should be without prejudice to claimant's right to present his claim for infringement of his patent under the Act of June 25, 1910, c. 423, 36 Stat. 851.

49 Ct. Cl. 19, affirmed.

THE facts, which involve a claim against the United States for infringement of patent rights in connection with postage stamp-holders, are stated in the opinion.

Mr. George W. Ramsey and *Mr. Hosea B. Moulton* for appellant.

Mr. Assistant Attorney General Huston Thompson for the United States.

MR. JUSTICE HUGHES delivered the opinion of the court.

The claimant, in the year 1906, brought his petition to recover upon the basis of an implied contract for the alleged use by the Government of his patented invention, consisting of a stamp-holder. The claim was for profits alleged to have been made between April 16, 1900, and June 30, 1905. Another petition was filed, in 1911, upon the same basis, to recover profits for the period between June 30, 1905, and June 30, 1910. Motion to consolidate the two suits, as involving the same issues, was granted. Upon hearing, the court made findings of fact and held that the plaintiff was not entitled to recover. 49 Ct. Cls. 19.

The court found that, under date of January 4, 1898, Letters Patent No. 596,656 had been issued to the claimant for improvement in stamp-holders. Models of the proposed stamp book and an explanatory pamphlet were submitted to the Third Assistant Postmaster-General with the suggestion that the Post Office Department should adopt this method of handling and selling stamps. That officer, on June 17, 1898, returned the books to the claimant, saying: "The Department does not deem it expedient to sell stamps in this way." The claimant on July 14, 1898, replied, stating that the descriptive pamphlet and the model stamp books formerly transmitted did not fully show the invention and that he requested a personal interview. Two days later the Government responded as follows: "Your plan for booking and selling stamps is well understood; your explanation of it could not be clearer; but, as stated in a former letter to you, the

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Department does not wish to adopt it." In June, 1899, the adoption of the claimant's device was again suggested to the Post Office Department, and the Department replied that it adhered to its former decision. On July 1, 1899, Edwin C. Madden was appointed Third Assistant Postmaster General and he held office until March, 1907. Soon after his appointment he took under consideration the manufacture and sale of postage stamp books. He designed, without actual knowledge of the existence of the claimant's patent or of the correspondence with the Department relating to it, the stamp book now in departmental use. This stamp book was transmitted by Mr. Madden to the Bureau of Printing and Engraving with an inquiry as to the possibility of its manufacture, the details of manufacture being left to that Bureau. It prepared plans accordingly. After the public announcement that the Department would begin the public sale of two-cent stamps in book form, Mr. Madden learned for the first time that it was claimed that there were letters patent covering the proposed stamp book, and before issuing the same to the public he requested the Assistant Attorney General for the Department to examine all such claims, and letters patent, and to advise him whether his book would constitute an infringement. The Assistant Attorney General advised him to proceed with the public sale as contemplated; that the stamp book to be issued was not covered by any previous patents. Both he and Mr. Madden examined the patents of the claimant, and Mr. Madden also examined the correspondence on file. From the beginning the latter insisted that the invention of the stamp book issued by the Department was his own, being independent of the claimant's patent. In March, 1900, the Third Assistant Postmaster General addressed a letter to the claimant's attorney expressly asserting that the Department's stamp book was not an infringement. It was in these circumstances that the Govern-

ment commenced the manufacture of its stamp books on March 26, 1900.

It is apparent that these facts furnished no basis for a finding of implied contract on the part of the Government to pay for the use of the invention,—the only ground upon which the petitions were cognizable in the Court of Claims. *Schillinger v. United States*, 155 U. S. 163, 170; *United States v. Berdan Arms Co.*, 156 U. S. 552, 556; *Russell v. United States*, 182 U. S. 516, 530; *Crozier v. Krupp*, 224 U. S. 290, 303, 304; *United States v. Société Anonyme &c.*, 224 U. S. 309, 311. In this view, the consolidated petition was properly dismissed and it is unnecessary to consider the questions which have been argued with respect to actual use and the validity of the claimant's patent. The second petition related to a period extending to June 30, 1910, thus embracing five days after the approval of the Act of June 25, 1910, c. 423, 36 Stat. 851, permitting the recovery from the Government of reasonable compensation in cases of infringement. *Crozier v. Krupp*, *supra*. This petition, however, like the first, did not purport to present a case within this Act, but was rested solely upon implied contract. The judgment, however, should be without prejudice to the presentation of any claim the petitioner may have under the statute; and with this modification the judgment is affirmed.

It is so ordered.

MR. JUSTICE McREYNOLDS took no part in the consideration and decision of this case.